

# The NATIONAL UNDERWRITER



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AMERICA!  
HOSPITALS**

**PROTECTING  
AMERICA!**

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And even more important than financial protection of these invested funds is the service rendered by capital stock insurance companies, through their inspection and engineering service, in safeguarding the lives of hospital patients and staffs by encouraging the use of every precautionary measure against fire or other hazard.

Royal-Liverpool agents are backed by unexcelled underwriting and service facilities in arranging comprehensive insurance programs for protecting America's properties. Particulars on request.

THE country's oldest hospital is the Pennsylvania Hospital, built largely through the efforts of Dr. Thomas Bond and Benjamin Franklin and completed in 1756. Second oldest is the New York Hospital (present plant shown in picture) now a part of the New York Hospital-Cornell Medical Center.

Over a span of 186 years hospitals have participated increasingly in the building of America. As of January 1, 1942, there were 6,358 registered hospitals, with a total of 1,324,381 beds—representing an investment of approximately four billion dollars and an annual maintenance cost of about a half billion dollars. For rich and poor alike, America provides unsurpassed hospital facilities.

The cost of some of our larger hospitals, including equipment, runs as high as \$18,000 per bed—and about \$5,000 per bed for the average modern hospital with less than 100 beds. The average cost of operating a general hospital is about \$6.75 per occupied bed per day.

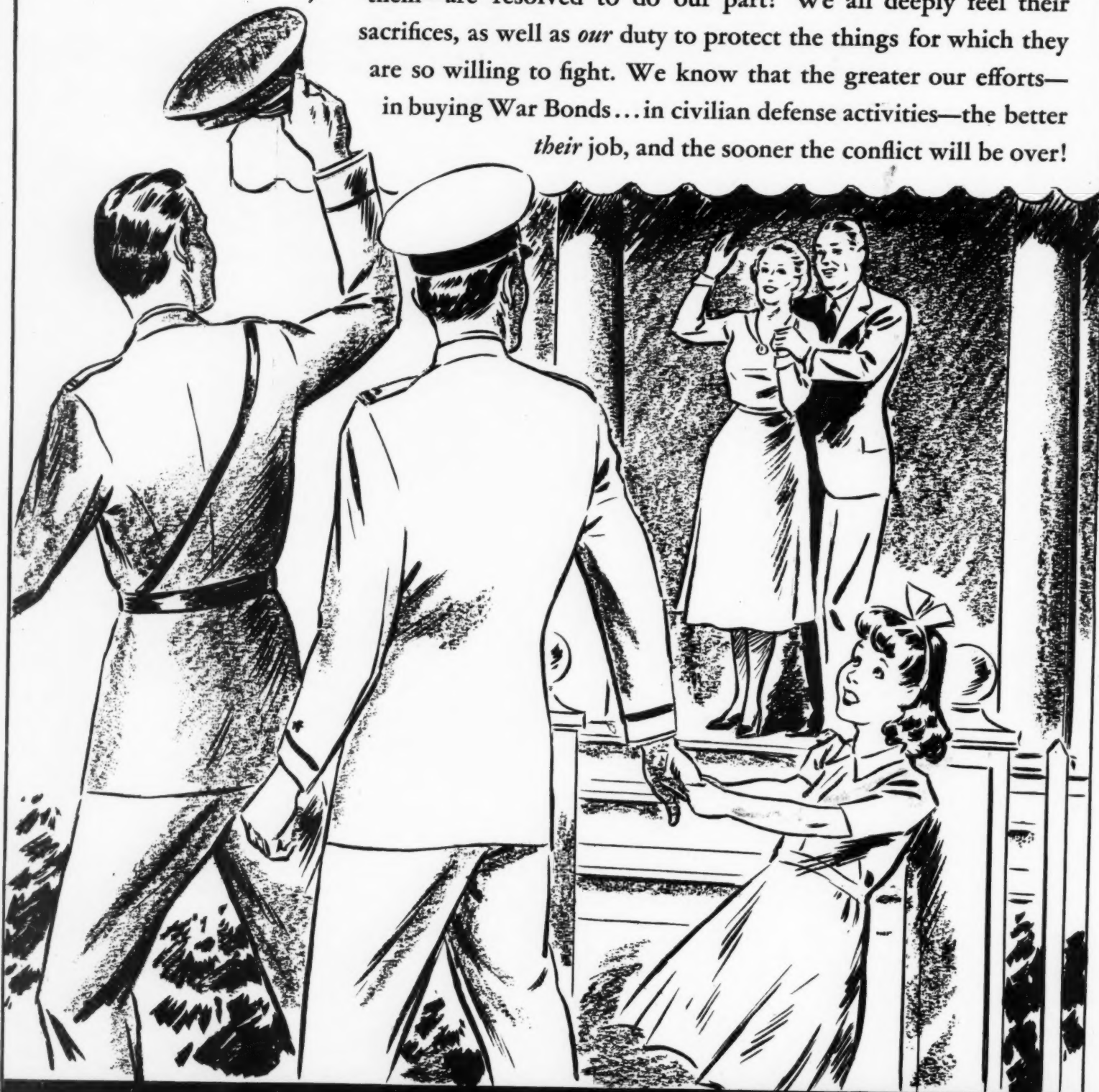
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THURSDAY, AUGUST 6, 1942

Many families in America are seeing one or more sons leave home to serve in the armed forces. We at home—unable to join them—are resolved to do our part! We all deeply feel their sacrifices, as well as *our* duty to protect the things for which they are so willing to fight. We know that the greater our efforts—in buying War Bonds...in civilian defense activities—the better *their* job, and the sooner the conflict will be over!



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## Much Confusion in Texas Conditions Due to State Order

### Commission Situation Still Uncertain—Drastic Rate Reduction Made

DALLAS—A great majority of the fire companies operating in Texas are continuing their adherence to the new expense stabilization program in Texas despite the fact that six out of state and eight Texas companies have notified the insurance department that they are amending their filings. The out of Texas companies are Dubuque Fire & Marine, National Reserve and Pacific National, while Northwestern National Fire has notified the board that it was reverting to its previous commission schedule in El Paso only; Potomac, which never did accept the program, has since made a definite filing covering its views.

The Texas companies are Republic, Trinity Universal and Gulf of Dallas; Security National, American Indemnity and its running mate, American Fire of Galveston, Commercial Standard of Fort Worth and Houston Fire & Casualty of Houston. In the meantime, National Fire & Marine, through its Texas general agent, Barney Vanston, has notified the board that although it has not yet renounced the program, it might have to in some cases and that it would notify the board as to each individual case if, as and when changes are made.

### Put Rate Reduction in Effect

Sweeping fire insurance rate reductions in Texas were ordered as of Aug. 1 by Fire Commissioner Hall. This will mean about \$3,200,000 less per year in fire premiums. Local agents with an abnormally high percentage of dwelling and apartment risks and whose accounts with the companies are very much behind may be hard put to stay in business.

The possibility of an injunction against the Texas Board of Insurance Commissioners has been suggested, on the ground that the drastic reductions are punitive and that they will destroy many local agencies.

The commissioners have repeatedly said that the reduced rates are not punitive and are not due to the failure of some companies to abide by their promise to stabilize agency commissions at 20 percent but are based on the five year experience tables which show that the fire loss ratio has dropped much more rapidly than rate reductions have been made. Commissioner Hall stated that the present severe cut was absolutely necessary in order to bring the rates in line with the statistics.

While nearly every fire policy in Texas will be affected, the greatest reduction, about 25 percent, has been made

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## Atlanta Grand Jury to Hear U. S. Insurance Case

By ROBERT B. MITCHELL

WASHINGTON—The Department of Justice's anti-trust division will shortly begin an inquiry before a federal grand jury at Atlanta with reference to the activities of stock fire companies. Subpoenas have already been served on some of the witnesses. The purpose is to determine whether the facts which may be brought out by testimony before the grand jury are such as to call for prosecution under the Sherman anti-trust act.

The anti-trust division feels that the grand jury inquiry is necessary in view of the character of the evidence collected during its primary investigation conducted over the last six months. This evidence deals merely with charges that stock fire companies, trade associations and other organizations have stifled competition and fixed premium rates and commissions and have jointly enforced certain rules and regulations through company-maintained bureaus.

One effective means of control to which the department has given its attention is the companies' refusal to permit agents for their companies to represent non-members. Since the non-members usually charge lower rates and allow larger commissions to agents, this policy is felt to constitute an effective means of meeting the competition of the non-member companies and of policing the observance by agents of the controlled rate and commission structure of the member companies.

The anti-trust division holds that fire insurance is necessary for the protection of all types of property, both business and residential and a combination of leading stock fire companies for the purpose of fixing rates and commissions directly affects the entire business structure. The case will be in charge of Frank H. Elmore, Jr., special assistant to the U. S. attorney general.

Although it is entirely possible that an investigation by the justice department of the fire insurance business may

turn out to have been the entering wedge for a reversal of the venerable Paul vs. Virginia U. S. Supreme Court decision that insurance is not commerce, there is no evidence that the proposed investigation is part of an administration effort to bring about federal supervision or control of insurance. The antitrust division's interest in the insurance business is understood to begin and end with the alleged antitrust law violations and to be inspired solely by the complaints which it has received to the effect that stock fire companies operate to suppress competition in rates and commissions.

Those handling the investigation are reported to feel that their views are not greatly at variance with those that have been expressed from time to time by a number of stock fire insurance executives.

The possible role of the Paul vs. Virginia decision raises some interesting questions. It has long been assumed that since the antitrust laws are based on the federal government's constitutional power to regulate interstate commerce the Paul vs. Virginia decision holding insurance not to be commerce made the Sherman antitrust laws inapplicable.

However, it is conceivable that the antitrust division's strategy might bypass the decision as inapplicable in a question of antitrust violations, contending that the big point is the concerted action by companies to fix and control rates and commissions, a question which has never been presented to the courts. Since the antitrust law has been construed as applicable in cases where operations not in themselves interstate commerce have been held to "affect" interstate commerce, it might be contended that concerted action to fix insurance rates should be regarded as "affecting" interstate commerce and hence should be considered violations of the antitrust laws, regardless of the Paul vs. Virginia decision that insurance itself is not commerce.

## Private Companies Resume Insuring Coffee Imports

The Commodity Credit Corporation has rescinded its recent bulletin to coffee importers which provided that the CCC assume the cargo marine risk, water-borne only. Private carriers are reassuming the risk and making their insurance retroactive so that there will have been no interruption in coverage.

The CCC bulletin assuming the cargo marine risk on coffee imports was issued only about 18 days ago. The private carriers had not had time to change their policies, but had continued coverage of the "gap" in protection by agreement. Since the CCC had assumed the water-borne risk only importers were left without protection from warehouse to ship board at both ends of the voyage. The

marine underwriters agreed to cover this gap and to charge a small percentage of the full rate for it.

The CCC assumed war risk on coffee imports as of July 2, and continues to carry this risk.

A special committee of the American Institute of Marine Underwriters went to Washington to try to persuade the CCC to rescind its action on marine insurance. The committee consisted of H. T. Chester, H. H. Reed, W. A. Bonner and F. B. McBride. In addition a telegram was sent to the president of the CCC, asserting that it is an actual economy to insure cargoes because of the experience of the insurers in preventing losses and in adjusting losses. The telegram observed that marine insurance has always operated on a most economical basis, including low acquisition cost and small profit based on average results over a period of years. A policy not to carry insurance would tend to break down the American ma-

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## Reveal Proposed New Setup of Agents Body

### Project National Board of State Directors and Execu- tive Committee Change

A statement this week from the National Association of Insurance Agents reveals that the executive committee, at its meeting in New York July 20-24, developed a draft of a completely revised constitution which will go before the membership at the annual convention at Chicago Sept. 21.

The proposed new constitution would effect important changes in the governing structure of the National association including the creation of a National Board of State Directors and the establishment of an executive committee differing in construction and method of selection from the present governing body.

There is embodied also in the proposed constitution a restatement of the objectives of the National association.

The National Board of State Directors would be composed of one elected or appointed representative from each state association who would hold office for one year, or until his successor is elected or appointed and qualified. It is set forth that this board shall act in the formulation of statements and policies and shall draft resolutions to be presented to the meetings of the National association for consideration.

### Presenting Nominations

It is also proposed that the new board shall present to the annual meeting nominations for its elected officers. These officers would consist of the president and vice-president of the National association and the chairman and vice-chairman of the National Board of State Directors. It is provided, however, that such nominations shall not prevent other nominations to be made from the floor.

It is further set forth that the board shall give attention to all matters pertaining to any insurance or agency problem in which the National association, or any constituent state association, may be interested. The action of the board on any matter properly before it shall be subject to the right of review by any meeting of the membership.

The executive committee, under the proposed new constitution, would consist of the president and vice-president of the National association, the chairman and vice-chairman of the National Board of State Directors, and three other members of the association appointed by the president, vice-president, chairman and vice-chairman to serve for one year or until their successor shall have been appointed. It is provided that the president of the association shall be

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## Insurers Aid W. S. A. in Import Open Cargo Program

### U. S. Agency Expands War Risk Writing—Companies "Underwriting Agents"

Desire on the part of the administration to keep its price ceiling program intact is believed to be mainly responsible for the action of the War Shipping Administration in providing open policy cargo war risk insurance on imports, commencing Aug. 1.

There have been other developments affecting marine insurance growing out of the price ceiling situation. The Commodity Credit Corporation, for instance, decided not even to carry regular marine insurance on coffee imports in an effort to keep coffee prices in line but it rescinded that order after the American Institute of Marine Underwriters launched a forceful protest. Then, too, the marine underwriters agreed to withdraw the surcharges that were recently announced to apply to regular marine rates to compensate for the absence during the war of the customary aids to navigation.

#### Basis of Remuneration

Under the import open policy setup, most of the marine insurance companies are applying for appointment as underwriting agent of the War Shipping Administration. Such agents may act through their home or branch offices in the United States, its territories or possessions and the underwriting agent will receive for its services "such amount as the administrator may from time to time determine to be fair and reasonable compensation." The payment shall be the reasonably approximate expenses of the underwriting agents without contemplation of profit and in addition there will be made reimbursement for out of pocket expenditures.

There is no provision for payment of commissions to producers as there is under the War Damage Corporation setup. However, the assured will require the services of a broker just as he does in dealing with private insurers and the broker will undoubtedly collect a fee from its client, just as he has been doing when arranging cover with the WSA on a specific risk basis or with the U.K.

A special committee of the American Institute of Marine Underwriters had been working with the WSA in perfecting the arrangements for the open cargo program. W. D. Winter was chairman; H. C. Thorn, vice-chairman, and the other members were S. D. McComb, H. T. Chester, F. B. Zeller, J. S. Gilbertson, H. Jackson, H. E. Manee and F. B. McBride.

Under the plan a clearing organization is to receive a monthly summary of closing reports from the underwriting agents together with supporting closing reports and receipts for deposits. The American Institute of Marine Underwriters suggests that Albert Willcox & Co. be designated as the clearing organization.

Because the WSA coverage insures only the actual pecuniary loss of assured, "exclusive of any allowance for anticipated or accrued profits arising out of the insured's venture," marine underwriters believe that some of the import insurance business will continue to go to private insurers at the private

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## Headquarters May Be Much Changed

### Members of National Association of Insurance Agents Urge Elimination

Considerable interest has been evoked over the question as to whether the insurance companies will have headquarters on the same scale that they have provided in previous conventions of the National Association of Insurance Agents, at the forthcoming annual meeting at the Palmer House in Chicago, Sept. 21-24. The fact that the Office of Defense Transportation in Washington, D. C., has taken a rather positive stand on the holding of conventions due to possible transportation problems has caused a number of agents to question the propriety of companies having these entertainment centers at the conventions. Heretofore they have contributed mightily to the enjoyment of the occasion although there have been from time to time some abuses. They serve to be the rallying points during leisure hours and company officials come in contact not only with their own representatives but meet others. In fact, it would hardly be called a convention of this body without headquarters.

However this time a new aspect is placed on the event because of the federal restrictions. The Office of Defense Transportation has stated very positively that only conventions should meet which have a direct bearing on war problems and furthermore that all possible entertainment should be eliminated. In other words, the convention should be strictly a working one and there should be no time given to superfluities and unnecessary entertainment. The National association itself will hold its get together dinner on Tuesday night of convention week as usual but entertainment will be eliminated.

It would seem in view of the omens in the skies and the threats that are heard from time to time it would be very wise not to have these headquarters of the nature they have been in the past, according to a number of leaders in the organization. That is, the convivial features, in their opinion, should be entirely absent.

Judging from the reservations so far made in the Palmer House it would seem that the companies appreciate the situation because they are not arranging for any elaborate quarters.

The transfer of headquarters for the annual convention of the National Association of Insurance Agents in Chicago Sept. 21-24 from the Stevens Hotel to the Palmer House will not in any way cramp convention attendants. The Palmer House will have plenty of rooms available for as many as 800, and already

## M. Robert Olp Joins M. & M. in Detroit



M. ROBERT OLP

M. Robert Olp has resigned as president of Dearborn National and Dearborn National Casualty to become associated with Marsh & McLennan of Detroit.

Mr. Olp has spent his entire business life in the insurance business. Formerly he was connected with Queen as state agent in the west, and following was manager of Travelers Fire in the western states, and later in Michigan.

In 1937 Mr. Olp became vice-president and a director of Dearborn National, and in 1938 became vice-president and a director of Dearborn National Casualty, becoming president of both companies in 1939.

Due to his extensive insurance experience and operations, Mr. Olp will be a valuable addition to the staff of Marsh & McLennan. He was educated at the University of Wisconsin.

has the meeting rooms set up. The Stevens Hotel has been taken over by the army air corps as a training center.

Edward Lawless, manager of the Palmer House, reports that he has only one other convention at the time the agents will meet in Chicago, and that is the Controllers Association, which will have a top attendance of 250, and will in no way interfere with the comfortable handling of the agents' meeting.

The association plans to hold the annual get-together dinner the evening of Sept. 22, but there will be no entertainment of any sort. It will be a business-like feature.

## N. Y. Department's Commission Power Is Held Limited

### Court of Appeals Decision Favors Northwestern National in Important Case

The court of appeals of New York, highest tribunal of the state, has affirmed the decision of the appellate division of the supreme court in a case that spells triumph to Northwestern National of Milwaukee in a controversy with Superintendent Pink of New York over the authority of the state to regulate fire insurance commission payments. The case has been in litigation about three years.

The court of appeals, in a four to three decision, held that the insurance superintendent is not authorized to revoke the license of a fire insurance company because it pays higher commissions to brokers than those established by the New York Fire Insurance Exchange. In the appellate division Northwestern National won.

Northwestern National, although not a member of the New York Fire Insurance Exchange, was observing the exchange commission scale as a routine matter but through a special fund was paying an additional 10 percent to certain producers. Mr. Pink contended that although a company is privileged to fix its own commission scale the payment secretly of excess commissions is illegal as it might lead to a general commission war.

The appellate division in its decision just a year ago stated that in view of the failure of the legislature to give the insurance superintendent power to regulate or limit the rate of commissions to be paid to brokers, the superintendent had no authority in law to refuse to renew Northwestern National's license on the ground that it pays larger commissions to brokers than do members of the Fire Insurance Exchange.

### Non-Assessable Policies Still Barred in Maine

A further clarification of the subject of non-assessable policies was received this week by the Business Development Office from the commissioner of Maine. In answer to the question, "Is it permissible, according to the laws of Maine, for mutual fire insurance companies to issue policies without a provision for an assessment liability on the part of the policyholder?" Commissioner Perkins replied:

"The laws of the state of Maine do not permit the issuance or use of non-assessable mutual fire insurance policies as a form of coverage in Maine. Incidentally, this is not only the opinion of the insurance department but it is backed by a ruling from the attorney-general's office."

In the 1942 supplement to "Facts and Comments Regarding Sound Insurance," the statement is made: "As will be seen from a review of Chapter V in the Revised 'Facts and Comments Regarding Sound Insurance' the laws of certain states are silent on this point, but according to the best information available, non-assessable policies can now be issued by mutual fire insurance companies in all states." With this opinion from Commissioner Perkins as authority, holders of "Facts and Comments Regarding Sound Insurance" should note the correction that non-assessable policies are illegal in Maine.

## THIS WEEK IN INSURANCE

Much confusion in Texas due to rate reduction and clamping down on commissions. **Page 1**

Proposed new setup of the National Association of Insurance Agents is revealed this week. **Page 1**

War Shipping Administration is now providing open cargo war risk policies, with the insurance companies serving as "underwriting agents." **Page 2**

Northwestern National wins important decision from court of appeals of New York holding that insurance superintendent lacks authority to regulate commissions paid to brokers. **Page 2**

Interest is taken in whether insurance companies will have their usual headquarters at the annual meeting of the National Association of Insurance Agents in Chicago. **Page 2**

Purchase of nearly 500,000 shares of Home stock by Royal Bank of Canada and Chase National Bank will not in any way affect the management of Home. **Page 3**

Anti-trust division of Department of Justice does not regard the U. S. Supreme Court decision in Paul vs. Virginia as a barrier to anti-trust suit against the stock fire insurance companies. **Page 1**

Protest against proposed commission cut on preferred fire risks in Cook County, Ill., made by Insurance Brokers Association of Illinois in letter to 6,000 producers seeking support in fight. **Page 9**

M. Robert Olp resigns as president of Dearborn National and Dearborn National Casualty to become associated with Marsh & McLennan in Detroit. **Page 2**

Program of insurance section of American Bar Association in Detroit Aug. 23-26 is given. **Page 13**

Participation in civilian war injury policy pool allocated among 64 subscribing companies. **Page 13**

Auto deaths decrease 15 percent for first half, 32 percent in June. **Page 13**

Harry C. Michael is elected vice-president in charge of the agency division of Maryland Casualty. **Page 10**



## WDC Business Still Continues After Month

**Estimate Premiums Written as High as \$200,000,000**

After more than a month of operations the war damage departments of the fire insurance companies are still doing an active business. Applications continue to arrive each day without much letup. The volume of business is considerably less than in the first weeks but most companies find that the special departments that were set up are kept occupied by the continuing business. The applications now being received are by and large for small amounts and the bulk of them are dwellings and small mercantiles. Apparently mortgagors are buying the insurance in fairly leisurely fashion at the prompting of the mortgagee.

The next big job of the companies is to make the reports on July business to the federal reserve banks by Aug. 20.

### Premiums May Be \$200,000,000

Some estimates have been published that the total premiums already collected for War Damage Corporation insurance amount to \$200,000,000 with the amount at risk exceeding \$100,000,000. If so the sales are just about double what was estimated by those who were preparing the program. It was felt that the premiums would amount to about \$100,000,000.

The eastern advisory committee to interpret WDC regulations has made public its answer to the question of how to classify automobiles. That committee expresses the opinion that unless the private passenger automobile is written in connection with dwellings and their contents or in connection with farm properties and their contents then the regulation calls for code No. 10, which carries a rate of 25 cents.

### Bankers Issue Bulletin

A recent bulletin issued by the insurance and protective department of the American Bankers Association contains a number of interesting points on war damage insurance for banks. It is in the form of questions and answers. There was one question, "Is insurance available from the War Damage Corporation to cover money and securities?" The answer is that coverage on money and securities has been the subject of several conferences between representatives of the insurance and protective committee of the ABA and officials of the RFC and War Damage Corporation starting last February. After the word "tangible" as it qualifies the type of property to be covered, was eliminated from the legislation creating WDC, officials of RFC and WDC were convinced that the possibility of securities and money being lost or destroyed by enemy attack presented more than a simple problem of replacement. These officials have since expressed the opinion that WDC should insure securities and probably money. Such insurance may be available before Aug. 1 and will probably be segregated into four classifications, as follows: In transit via messenger or armored car; in transit via registered mail and express, including air transport; on insured's premises but outside the vault and insured's premises inside the vault.

Another question is: "Can mortgagors be compelled to purchase WDC poli-

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## Million Dollar Baltimore Fire



Fire that destroyed the warehouse of the Western Auto Supply Company of Kansas City in Baltimore the other day and its contents produced one of the largest losses of the year so far. The loss is now estimated at about \$1,000,000. The warehouse was only three years old. It was a one-story structure of 12-inch brick walls, 210 feet by 265 feet. There were no fire walls except between the office and the warehouse proper. The warehouse was jammed full of merchandise to within two feet of the ceiling. It consisted of all kinds of automobile accessories as well as bicycles, radios, sporting goods including shotgun shells. Fortunately the tires had been stored in another building. The roof was of very heavy construction and the firemen could not force an opening through it but had to wait for the fire to burn through before they could get water into the building.

The automatic alarm sounded at 12:08 a. m. and the fire department was there in four minutes. They broke into the office door but the gas was

so strong that they had to retreat. Additional help was summoned and in a short time there were 39 pieces of fire apparatus working as well as four fire tugs including a new coast guard fire boat. The fire was not extinguished until 16 hours afterwards.

When the firemen first opened the door from the office into the warehouse the fire spread to every corner of the building. One theory is that the fire was started from a cigarette and that there was a smoldering fire that consumed the oxygen in the building but raised the temperature very gradually so that the automatic alarm was not set off as it would have been had there been a quicker blaze and a more rapid rise in temperature. Then when the firemen opened the door, according to this theory, the fresh supply of oxygen caused the fire to break out furiously throughout the warehouse.

The R. B. Jones & Sons agency of Kansas City controls the line and Thomas T. North, well known Chicago independent adjuster, is handling the adjustment.

## Sale of Home Stock Won't Affect Management

NEW YORK—Sale of 493,400 shares of Home stock, together with 800 shares of the National Liberty, at public auction here will not affect the management of the associated companies in any degree. As noted in THE NATIONAL UNDERWRITER last week, the shares were held jointly by the Chase National Bank and Royal Bank of Canada, as collateral for a loan to the Home Fire Security Corporation, originally for \$18,500,000 but reduced through interest payments during the past 12 years to \$16,257,933.

The banks decided to sell the collateral, after notifying that they would no longer extend the loan. All of the shares were bought in by the interested banks, whose bid of 28 7/8 per share for Home and \$8 per share for National Liberty, brought an aggregate of \$14,284,162. The net result of the sale, so far as the financial institutions are concerned, is that it will permit their reporting a substantial loss when preparing income tax returns, and, instead of receiving interest of about 3 percent on the loan as previously, they will get dividends upon the owned shares, which upon the price paid, will be approximately 6 percent and on which they will

be charged 15 percent on income tax returns.

While the price paid for both Home and National Liberty stock is higher than that ruling on the over-the-counter market, the anticipation is that shares of both institutions will appreciate in value and will from time to time be sold by the banks to individual investment seekers.

Home had no liability as maker, guarantor or otherwise for the bank loans or other obligations of the Home Fire Security Corporation and owned no stock or other securities of that company.

## Office Management Division Convention to Be Held in Chicago

The office management division of the American Management Association will hold its meeting in the Drake Hotel, Chicago, Oct. 15-16. Governmental and industrial specialists will present recommendations for and testimonial accounts of office organization for warfare, under which such topics as the effect of war on job analysis and classification, multiple shift organization of the office, staggering office hours, organization for the seven-day week air raid protection, the office supply outlook and long range planning of purchases will be discussed.

## General Insurance Man Is Wooed

**Today's Recruiting Problem Turns Attention to Fire Casualty Producer**

A number of the life insurance companies under present conditions are looking fondly at the general insurance agency as a source of business. A good many companies for the past several years have been developing this type of connection and such companies are wooing the field even more aggressively and other companies that have not heretofore gone into such offices are seriously thinking of doing so. Attention is turned in this direction because the companies are losing a good many of their full time men and because of the difficulty of making satisfactory replacements.

One of the principal drawbacks to dealing with general insurance agents on the whole is the amount of motivation that must be applied to get such agents to devote their attention to life insurance. The business that they do produce is usually of a highly desirable character and most of them have a rich source of prospects but by and large they do not go after life insurance unless some home office man is right on the spot and gives them the necessary inspiration. Some of the life insurance companies have considered employing what would compare to a special agent in the fire and casualty insurance field to call on agents regularly and keep their interest in life insurance alive.

Although most of the local insurance agencies these days are doing well and their volume of business is well ahead of last year, yet they are all apprehensive because of the uncertainty as to the automobile. A large part of the business of all local agencies consists of automobile insurance. So far this year the volume of automobile insurance has kept up with last year's writings but there is great fear as to what the future holds and local agents that in ordinary times might not be disposed to push for life insurance production might very well be induced to go into action today merely because of their fear of losing their automobile insurance.

## Alexander Is Acting Commissioner in Pa.



RALPH H. ALEXANDER

Governor James of Pennsylvania announces that Ralph H. Alexander, deputy commissioner, has been named as acting commissioner to fill the vacancy caused by the death of M. H. Taggart.

## NEWS OF FIELD MEN

### Texas Field Setup of Houston Fire & Casualty

Field supervision of Texas has been divided by Houston Fire & Casualty between Howard P. Van Arsdell with headquarters at New Braunfels, C. O. Hall at Abilene, and V. F. Chase, Jr., at Dallas.

Mr. Van Arsdell entered the insurance business in 1928 with James E. Caldwell & Sons of Nashville, later becoming manager of that agency. He subsequently traveled in Kentucky and Tennessee for Fidelity & Casualty and then became manager of Frank B. Welch & Co. in Nashville. He traveled as state agent for W. B. Respass, general agent of Lexington, Ky. Then he went with Houston F. & C. and had been traveling the northern part of Texas with headquarters at Fort Worth until he was transferred to New Braunfels with responsibility for the southern part of Texas.

Mr. Hall was connected with T. W. Scales & Co. of El Paso, Tex., for nine years. He devoted most of his time to casualty and surety work supervising west Texas, the panhandle and New Mexico. In 1937 he went with Gulf, supervising west Texas with headquarters at Abilene. Later he was transferred to south Texas and he has just gone with Houston Fire & Casualty with supervision over west Texas and the Texas panhandle.

Mr. Chase was with Gulf for 12½ years working in almost every department. He had been traveling in the San Angelo territory until he went with Houston Fire & Casualty.

### Plans for Grand Nest Meeting Are Announced

TORONTO—While details of the business sessions of the Blue Goose grand nest here Aug. 25-27 are not as yet completed, C. J. Malcolm, Aetna Fire, most loyal grand gander, announces some of the plans along other lines.

Following registration the morning of Aug. 25, there will be a special golf tournament for men at the Weston Golf Club, and a special program for the ladies arranged by the ladies' auxiliary.

The general sessions will open Aug. 26. A choir of 40 will render a special arrangement of the Canadian and United States national anthems. There will be an initiation that day. In the afternoon the ladies will be feted at the Royal Canadian Yacht Club, and in the evening there will be a moonlight boat ride for the entire convention.

The closing day of the meeting will feature, aside from the business sessions, a mixed luncheon, a memorial service, a good fellowship banquet and a dance.

### Yorkshire Field Changes

Fred L. Bross has been appointed state agent for Yorkshire in New Jersey. He had been connected with Home for many years and more recently has been with the Firemen's group.

Herbert Marstad, who has been in the home office of Yorkshire for 17 years, has been appointed state agent in Michigan.

### Starkweather in U. S. Service

W. C. Starkweather of Cleveland, state agent of Caledonian, has resigned as of Aug. 15 to enter the government service as a civilian employee of the Cleveland ordnance division of the War Department.

### Canadians' Gifts Acknowledged

TORONTO—The Canadian members of the Blue Goose have received acknowledgement from England of their gift of a mobile feeding unit presented to the National Fire Service Department at Newcastle-on-Tyne, and the five-bed

unit which was presented to the Tatlow Military Hospital near London, in a letter addressed to A. J. Mylrea of Reed, Shaw & McNaught, Toronto, from Tom Breaks, chief officer, Newcastle.

### 'Hoosier Honk' Makes Appearance

The first issue of the "Hoosier Honk," sponsored by the Indiana Blue Goose, has made its appearance. H. B. Skelton, Rough Notes Company, is editor. The first issue contains the roster of

officers and committees, announcements of coming activities and selected news items. The first fall activity will be a golf tournament and initiation at South Bend Sept. 17.

### McDill Quits Pacific National

William C. McDill, who has been special agent of Pacific National in the Sacramento valley territory in California, has resigned. No successor has yet been named.

### Oklahoma Preventionists Elect

The Oklahoma Fire Prevention Association has elected B. H. Aust, state

agent of Hanover Fire, president; R. W. Crow, Glens Falls, vice-president, and J. N. Jones, Phoenix of London, re-elected secretary.

### NEWS BRIEFS

The annual golf party of the Minnesota Blue Goose will be held Aug. 10 at the Minneapolis Country Club. A dinner will follow.

Two Indiana field men are in St. Vincent's Hospital at Indianapolis, recovering from operations—Fred S. Holmes, Home, and R. Watson Moon, Bankers & Shippers.



## What is war doing to YOUR insurance...?

WHEN YOU last checked your property insurance, the chances are you were adequately protected.

But war is changing things overnight...

**War is Changing Industrial Risks!** The plant you may have insured on the basis of original investment, might cost twice as much to rebuild today, and you may now risk a loss of this difference.

And the hazard itself is greater! Throughout industry, green hands are tackling unfamiliar jobs; old hands are working with unfamiliar materials; stock rooms are crammed with unfamiliar stocks. Chances of fire—destruction—are increased a hundredfold.

**War is Changing Personal Risks!** Even your home, your furniture, your car—a thousand and one valuable items of personal property—may also be inadequately covered by insurance today. Can you afford to leave yourself liable to loss...?

**Consult Your Insurance Agent Now!** The one safe course to take today, is to call upon the man who knows wartime's changing values—your Insurance Agent! For your own sake, ask him for an up-to-date survey now; ask him to advise you on complete coverage in these unsettled times.

You'd be safest to do it today... and you incur no obligation!

## FIRE ASSOCIATION GROUP

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Fire - Automobile - Marine  
Fire Association of Philadelphia  
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PHILADELPHIA



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## Are You Doing YOUR Share of "Wartime" Business?

EVERY INSURANCE man knows that today, due to abnormally changing values, property of many kinds is inadequately insured. But, do property owners realize this?

The new Fire Association Group advertising is designed to bring this fact home to property owners and managers, in no uncertain terms... and to bring those owners and managers to the Insurance Agent to talk business.

We earnestly advise Insurance Agents to tie-in with this advertising effort. You can be of great service to clients by helping them re-evaluate their property and adjust their insurance. In so doing, you can assist the war effort and write your share of this increased business. Fire Association Group, Philadelphia, Pa. Branches in Atlanta, Chicago, Dallas, New York, San Francisco.



# HOW STRONG IS A TANK?



ONE tank is powerful—but real combat effectiveness depends on coordination with other weapons, with other service arms, with repair crews.

So in the production of these and the other weapons on which we depend for our freedom. Industrial Teamwork within each war industry and with others is responsible for the output records the nation's plants are making each week. An integral and vital part of this teamwork is Insurance, the industry that protects other industries—reducing accidents, cutting financial worry, assuring continued speedy production all along the line.

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*Insurance Company*  
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FIRE ★ AUTOMOBILE ★ MARINE INSURANCE

*This is one of a series of advertisements appearing in BUSINESS and FINANCIAL publications.*



## INSURANCE *aids Industrial Teamwork*

The laboratory of insurance works on scientific principles. From generations of underwriting experience comes the modern insurance policy with all its aspects of protection and service. Cooperation with industry lessens exposure to loss. More—insurance stores a large reserve against losses that occur unavoidably.

## COMPANIES

### Dearborn National Effects 100% Reinsurance Deal with Am. Equitable

LANSING, MICH.—Approval has been given by the Michigan department, to a reinsurance contract between Dearborn National Fire of Detroit and American Equitable under which the latter assumes 100 percent reinsurance of all Dearborn National business in force June 30 of this year.

The contract covers all outstanding policy liability, including automobile, fire and allied lines and inland marine. It was signed for the Dearborn National by J. W. Park, vice-president, and for American Equitable by A. N. Butler, vice-president.

Dearborn National began operations in 1936. The original capitalization was \$200,000 but authorization was given to an increase to \$1,000,000 in 1937, but only \$507,000 was actually issued and paid in.

Department officials understand that Dearborn National will continue in business but reinsuring all risks as written with the New York carrier.

### Eagle Fire Capital Cut Is Approved

Approval has been given by stockholders of Eagle Fire of New Jersey to the proposal to reduce outstanding stock from \$815,000 to \$505,000. This will bring about an increase in net surplus from \$204,000 to \$513,700. The par value of the new shares is now \$1.55, whereas the par value of the old shares was \$2.50.

In a message to stockholders recently, President Arthur L. Bowerman reviews the steps that have been taken in reorganizing the affairs of Eagle Fire. He states that one of the major reasons for the unfavorable results of recent years has been the continued operation of the New York City and San Francisco branches. Both of these offices have now been closed and the future operations will be conducted under reinsurance treaties. Certain treaties that represented a very small percentage of the total in force have been discontinued because of an unsatisfactory record. As a result, according to Mr. Bowerman, Eagle Fire is left with a volume of business which based upon average experience over a period of several years and in conjunction with a reduced overhead expense should enable it to operate upon a profitable basis and gradually rebuild its volume and expand its operations.

Old established Association fire group requires fieldmen in Iowa, Nebraska, North Dakota and South Dakota. Address Q-20, The National Underwriter, 175 W. Jackson Blvd., Chicago, Ill.

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#### WANTED

Map Clerk or Assistant Examiner. Good opportunity. Address Q-24, care of The National Underwriter, 175 W. Jackson Blvd., Chicago, Ill.

#### WANTED

Position as state or special agent for stock fire or casualty group. Prefer West Virginia. Consider adjoining states. Seven years experience operating local agency. Address Q-21, The National Underwriter, 175 W. Jackson Blvd., Chicago, Ill.

### Plan to Reconvene Mo. Hearings in September

NEW YORK—The ouster suit of Attorney-general McKittrick of Missouri ended its New York session last week, to be resumed, probably in Jefferson City, Mo., in September, when cross examination of witnesses by company attorneys and the attorney-general will take place.

J. Ross Moore, manager of the National Automobile Underwriters Association, was the final witness. He was asked why the manuals of the association are copyrighted, and said it was to keep people outside the insurance business from using the material in them. McKittrick sought to show that the manuals were the property of the association, although copyrighted in Mr. Moore's name.

James D. Smart, president of New Hampshire Fire, and Theodore Plessner, president of Northern of New York, were two other witnesses on the stand late last week.

The record in McKittrick's hearings now totals almost 27,000 pages.

### Henson Leaves Mo. Department

JEFFERSON CITY, MO. — Judge Charles L. Henson, who since 1937 has been chief counsel for the Missouri de-

partment, has been appointed by Governor Donnell a member of the Missouri public service commission.

### Private Companies Resume Insuring Coffee Import

(CONTINUED FROM PAGE 1)

rine insurance facilities that have been established over a period of years with the approval and active encouragement of Congress, the telegram stated.

### Congress Fosters Marine Market

Beginning in 1920, Congress has fostered the growth of an American marine insurance market and has recognized it is essential to the shipping industry and to the foreign trade of the country in time of peace. When the government is taking over so much of the foreign trade, no government department should adopt a policy which affects adversely the marine insurance market, especially since those facilities cannot be created overnight but must come as a result of gradual growth. If the marine insurance facilities are broken down, the country would be in the same position after the war that it was in before Congress undertook to create and encourage an adequate marine insurance market. The bulk of the insurance would go to

the foreign markets that are protected and encouraged by their governments.

### Field Among Small Manufacturers

MINNEAPOLIS — The shift to war industry of numerous small manufacturers affords insurance agents a real opportunity to increase their business and at the same time render an insurance service. R. L. Pugh, superintendent of agencies of Aetna Casualty in Minneapolis, says.

"Plant inventories and manufacturing operations will be changed," he said. "There will be different insurance exposures and insurance requirements, conditions which are frequently overlooked by busy executives. When this takes place, customers and prospective customers will be in particular need of sound insurance counsel."

He urges agents to solicit this business now.

George Noyes of the Noyes Insurance Agency, Parsons, Kan., has been commissioned a first lieutenant, assigned to the seventh corps area at Omaha.

Have you seen the **Insurance Buyers' Digest**? Leading agents are mailing it out every month to stimulate business. Write The National Underwriter for sample.

**SHE WON'T TALK!**

*Will You?*

**THE ENEMY HAS EARS**

**W**E hope this poster will remind the insurance fraternity that it is in this fight too. They too must enlist in the silence campaign.

Copies of this poster, size 9 x 12 inches, will be furnished any insurance agent for window display

purposes. The Employers' Group imprint appears on the back of the poster. For copies write A. R. P. Department, The Employers' Group, 110 Milk Street, Boston. Please order by form number which is S428.





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# Loyalty Group

INSURANCE

## We Are at War—

War against Ruthlessness, Destruction and Tyranny. To win this war we must all work harder and closer together—we must produce and we must fight—we can win.

Insurance can be counted on to do its part—to protect life, property and production.

Insurance agents and brokers are soldiers on the home front—the men and women who are writing the insurance protection so essential in peacetime and so vital in war time.

The Loyalty Group salutes the insurance producer. For 90 years we have been protecting our policyholders against loss and we pledge our continued services to their Security and the Security of our Nation.

"Loyalty" means Fidelity and Faithfulness to our country, to our insured and to our agents and brokers.

*John R. Cooney*  
President



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Organized 1853

National-Ben Franklin Fire Insurance Company

Organized 1866

The Concordia Fire Insurance Co. of Milwaukee

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★ BUY WAR BONDS ★

## INSURANCE MEN CALLED TO SERVICE

**Robert H. Klein**, who has been associated with his father in the Arthur C. Klein & Son agency, La Crosse, Wis., has enlisted in the military police and is stationed at the army ordnance department proving grounds at Savannah, Ill.

**George W. Barker**, special agent of Hartford Fire in Oklahoma, is now a second lieutenant in the army, stationed at Fort Sam Houston, Tex.

**John F. Wilhoit**, special agent of the farm and hail department of Home in Oklahoma, has reported for service at Fort Sill, Okla.

**James W. Spurgeon**, supervisor of licenses in the Indiana department, who was inducted into the army last week, was given a farewell party at which Commissioner Viehmann presided. A number of friends of Mr. Spurgeon, representing various organizations, spoke and several presented him gifts. D. G. Trone, representing the Indianapolis Accident & Health Club, presented Mr. Spurgeon a wrist watch. Defense bonds were given him by the Indiana Casualty & Surety Managers Association and Association of Indiana Legal Reserve Life Insurance Companies, and a gift by his associates in the department. G. R. Pritchett, American of Newark, on behalf of the Indiana Fire Underwriters Association, presented Mr. Spurgeon a traveling kit. Others who spoke were C. O. Bray, Hartford Fire; J. W. Stickney, secretary Indianapolis Board; A. LeRoy Porteus, Indianapolis Life, and Harry E. McClain, executive secretary Indiana Association of Insurance Agents. John R. Welsh, Indianapolis local agent, was in charge of arrangements.

**Elmo R. Tibbetts**, special agent of the Employers group in Los Angeles, has enlisted in the marine corps. Jack Pitman, an underwriter, has been sworn into the air corps as a cadet for offi-

cer training. Newton Homer, an adjuster, was inducted into the army.

**R. W. Swanson**, Indiana special agent of Continental, has been inducted into military service.

**Norman S. Walker** of Longview, Wash., founder and president of the Cowlitz County Association of Insurance Agents, has resigned to enter the army and is succeeded as president by Lester Bell of Kelso. Mr. Walker will enter officers' training school. He has served the past year as regional vice-president and chairman of the membership committee of the state association.

**H. Walter Hanson, Jr.**, supervisor of the license branch of the Illinois department, has been granted a leave of absence by Governor Green to enter active military service. His father is a former Illinois commissioner.

**Mr. Hanson**, a reserve officer, has been ordered to duty with the air force technical training command and assigned to Scott Field, at Belleville, Ill. He has been with the Illinois department since 1930. He served as examiner for 10 years until 1941, when he was appointed supervisor.

**William Leftwich, Jr.**, of Leftwich & Robinett, New Orleans, has been commissioned lieutenant, senior grade, in the navy.

**Neil Russell**, manager of the insurance department of the Chicago Motor Club, has been commissioned a lieutenant, senior grade, in the navy, and has reported for duty at the Chicago office for naval officer procurement.

During Mr. Russell's absence, J. J. Cavanaugh, general manager of the Chicago Motor Club, will assume his duties. Mr. Russell has been manager of the insurance department for nine years, and previously was for eight years an examiner for the Illinois insurance department. He is president of the Central

Auto Bureau, an organization of non-affiliated automobile insurance companies of the middle west.

**Prentice Hewitt**, formerly vice-president and Pacific Coast manager of American States, has been appointed a first lieutenant in the army air forces stationed at Ogden, Utah. Mr. Hewitt is an air corps veteran of the last war.

Three members of the **Nurnberg Adjustment Company**, Milwaukee, have enlisted in the armed services. C. W. Schrock, 12 years with the firm, enlisted in the navy and has received a commission as lieutenant, junior grade, in the communications division. G. E. Gauckler, attorney in the casualty department, enlisted in the navy. Earl G. Ray enlisted in the army and is engaged in ordnance work.

**Michael Ruane**, assistant examiner in the improved risk department of America Fore, Chicago, has been inducted into the army.

**David F. Cox**, Owensboro, Ky., has sold his agency to J. C. Rudd Sons Co. and entered an army officers training school.

**C. C. Ackerman**, Wauseon, O., local agent, has reported for duty with the navy rank of lieutenant, junior grade.

He will undergo training at Northwestern University for two months.

**Harold A. Boling** of Lake Charles, La., member of the executive committee of the Louisiana Association of Insurance Agents, is now lieutenant colonel taking a special course in Cornell University.

**Dinwiddie Lampton, Jr.**, vice-president of American Life & Accident of Louisville, who entered the service some time ago, is in Washington, studying in the adjutant general's office.

**Andrew D. Christian**, member of the law firm of Christian, Barton & Parker, Richmond, Va., and a specialist in insurance law, has been called to service as a major in the army air corps. Major Christian, a veteran of the first world war, has reported to the army air base at Miami Beach, Fla.

**Val Hakanson**, who, until he was called to service last year, was with Western Adjustment in Kansas City, has been promoted from major to lieutenant colonel, assigned to the general staff corps of the newly organized ninth armored division at Ft. Riley.

**H. J. Schoeppe**, southern Kansas state agent of Commercial Union at Wichita, who went into military service in June, is now stationed at Camp Wolter, Tex.



## YOUR GENERAL AGENT

He is not your competitor, but instead, as a good neighbor, is always ready to help YOU as a LOCAL AGENT. He covers his territory thoroughly, is familiar with local conditions, and invites you to call upon him for cooperation or assistance.



**TRINITY UNIVERSAL INSURANCE COMPANY**  
Capital \$1,000,000  
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• Know the General Agent in your locality. Write the office nearest you.



## Chicago Brokers Protest Plan to Cut Commission

Opposition to a proposal in the Chicago Board to reduce brokers' commissions on preferred fire risks from 25 to 22½ percent was expressed in a letter sent out this week by the Insurance Brokers Association of Illinois, signed by Eleanor H. Lamey, executive secretary. The letter was sent to all licensed brokers and sub-agents in Cook County. With it went a card soliciting an expression of opinion on the proposal.

"As you probably know," the letter related, "the voting control of the Chicago Board of Underwriters is vested in approximately 105 class 1 agents (wholesalers) whose overriding commission is to be increased by the amount of commission cut proposed for the 6,000 producers, who are also members of the Chicago Board of Underwriters but are denied the right to vote. Unless this action is effectively opposed, your entire business life is in jeopardy and at the mercy of the class 1 agents. No individual producer can fight this proposed action effectively.

"This association has determined to oppose the proposed cut in commission rate for the producer in every possible way, including, if necessary, proceedings in the courts. We need the active support of every producer, and we want your authority to take such action as the committee appointed by this organization deems warranted. Obviously, the larger the showing of producer representation, the stronger our position will be.

### Realtors Also Aroused

"This matter has been discussed with the Chicago Real Estate Board and they have advised us of their willingness to join us to resist this commission cut."

Joseph H. Norton, association president, stated the letter was purely for the purpose of advising Cook county producers of the state of affairs; that relationships with the Chicago Board were friendly and there was no intention by the brokers association to "blast" the board.

Board officials declared the proposal in question was only one of several which had been drafted, and that it had not yet been presented to the board of directors for consideration.

The proposals to which the brokers are summoning opposition have not been definitely formulated but it is understood that a program that has very extensive support is to set the scale of commissions for brokers and non-policywriting class 2 agents at 15 and 22½ percent instead of 15 and 25 percent as at present. The class 1 agents would then receive an over-riding commission of 12½ percent which would mean a top of 27½ percent and 35 percent to the class 1 office. Class 2 agents that write their own policies, of which there are merely a handful, would receive 17½ percent and 25 percent commission but the over-riding of the class 1 agents on such business would be only 10 percent.

Under the old Chicago Board regulations the over-riding commission for class 1 agents is 10 percent but as a matter of fact it is generally admitted that this scale is usually exceeded and that a large proportion of the class 1 agents are getting as high as 15 percent over-riding. The argument of those advocating the 12½ percent over-riding is that such a rule would actually represent a decrease in commission cost but the difficulty is that on the surface at least such a provision would appear to be an increase in acquisition cost and would be

difficult to justify to the public particularly in these times.

### License Ceremonies in Virginia

Edmund T. DeJarnette, member of the Virginia house of delegates and a Richmond local agent, who sponsored the new agents' qualification act that became effective in Virginia last Saturday, was presented with certificate No. 1 at ceremonies in the office of Commissioner Bowles. The No. 2 certificate went to James F. Minor of Charlottesville, president of the Mutual Agents

Association of Virginia and District of Columbia, and No. 3 to Caleb D. West, Jr., of Portsmouth, president of the Virginia Association of Insurance Agents.

Under the law those engaged in the business are automatically certified but new applicants must pass a written examination. The certificate costs \$2.

The King & Bleasdel agency, Holstein, Ia., has organized an independent adjustment and inspection company to be known as the Midwest Adjustment & Inspection Company.

## AS SEEN FROM CHICAGO

### "TOM" FLYNN'S GOLDEN YEAR

Thomas J. Flynn, who is in charge of the brokerage division of the Corroon & Reynolds office in Chicago on Aug. 15 will round out 50 years in the insurance business. He started as an office boy with the Niagara Fire western department under Manager I. S. Blackwelder. He has held a number of important positions. At one time he was chief clerk of the old Sterling Fire of Indianapolis when James F. Joseph was general manager. He was also assistant manager of the Western Sprinkled Risk Association when Fred A. Rye, now head of the Improved Risk Mutuals in New York City, was manager. For the past 13 years he has been with Corroon & Reynolds in Chicago.

When Mr. Flynn started with the Niagara, Aug. 15, 1892, James C. Moody, was the chief clerk; John P. Furlong, chief accountant; A. I. Bushnell, who was formerly treasurer at Millers National, cashier; James J. Johnson, Illinois state agent; A. M. Nelson, who was afterwards assistant manager of the Commercial Union, T. E. Matthews, later superintendent of agents Commercial Union, and R. S. McKeen were the examiners. Some of the others who were in the office at that time were Harry Kanavan, who was later with the Millers National and H. K. Wilson. John Gavin was in charge of the reinsurance and cancellation desks. George H. Hannan, later manager of the Wisconsin Inspection Bureau, was register clerk. Henry J. Zechlin, later secretary of the Niagara Fire, had charge of printing and supplies. Hart Darlington, later United States manager of the Norwich Union, was in the Niagara office and Sam M. LaRose, later a field man, was there. W. U. Knight, later Minnesota state agent of the State of Pennsylvania, and Mr. Flynn were file and endorsement clerks. Miss E. E. Edwards, assistant secretary of the Illinois Fire Underwriters Association, was a stenographer in the office.

Mr. Flynn has seen many people prominent in the business come and go.

He has always been much interested in insurance. He has been an underwriter, field man and as noted has served in other capacities.

### COURSE FOR NEW EMPLOYEES

In response to a demand from the companies in the Chicago area who are being flooded with workers taking the places of regular employees in the armed services, the Insurance Institute plans to conduct a short course in the mechanics of fire and casualty insurance and office decorum in September. The course will cost \$2, of which \$1 will be refunded to those who show regular attendance and a grasp of the course. The \$1 will barely pay expenses.

The committee in charge consists of A. T. Graham, Benjamin Richards, W. F. Kuffel, R. E. Baker.

The insurance course, it has been decided, will start Sept. 8 at 5 p. m. There will be at least two classes a week. Those desiring to enroll may register at the library of the Cook County Inspection Bureau in the Insurance Exchange building. There is no educational requirement.

The regular Institute courses in fire, casualty, bonds, marine, life insurance, etc., are being planned again to be started early in October. Lecturers will be announced later.

### REIDY HAS GIRARD LIFE

T. J. Reidy, well known class 1 agent with office in the Insurance Exchange Building, Chicago, has been appointed associate general agent of Girard Life of Philadelphia. Philip B. Phillips, who has been with Girard Life in Chicago about 10 years, is now located in Mr. Reidy's office, as associate general agent.

### General Revises War Rates

NEW YORK—With the approval of the department revised war risk coverage for use and occupancy and rental insurance filed by General of Seattle became effective in this state. The zone and rate changes are: All territory along

the Gulf of Mexico, west of Florida, considered as in Zone 3, instead of 2.

Rates on money, notes and securities and in fireproof structures, in Zones 1 and 2, 25 cents, with 100 percent coinsurance. Dwellings and apartments, Zones 1 and 2, 35 cents for fireproof and 50 cents for ordinary construction; in Zone 3, rates are 10 cents and 16 cents respectively. Mortgagee interest (single interest covering mortgage interest only) Zones 1 and 2, 10 cents with 50 percent coinsurance, and in Zone 3, 10 cents with 25 percent coinsurance. Policies issued for 12 months, or for lesser terms on standard short rule basis, are non-cancellable either by the company or the assured after payment of premium.

Increase your accident sales with ideas from the Accident & Health Review, \$2 a year, 175 W. Jackson Blvd., Chicago.

## HOME DEFENSE

—our position



DEFENDING our home position is a job that rests to no small degree upon the strong business institutions of this country. As such, these Companies stand prepared to support America's way of life through the dispensation of unquestionably sound indemnity.

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Reprint from a series of advertisements appearing regularly in BANKING, CREDIT AND FINANCIAL MANAGEMENT, and THE UNITED STATES INVESTOR.



## Our Side of the Street

Our best friends will tell you that Camden Fire is one company that is pure—that stays on its own side of the street—that solicits no business direct. And our best friends are our thousands of Agents who use Camden Fire's Modernized Advertising for today's Production of Sales!

**Camden Fire** Insurance Association, Camden, New Jersey

A CENTURY-OLD CAPITAL STOCK COMPANY



AD 1841

### AVAILABLE

A branch manager with a strong agency plant in western Pennsylvania doing nearly a half million in annual premiums. Also has agency hook up for entire state.

**FERGASON PERSONNEL**

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## EDITORIAL COMMENT

### Advice on War Damage Insurance

We received a letter from a local agent in which he stated that he had advised his customers and other friends not to purchase war damage insurance because the hazard was too remote. He believes in protecting people against actual, potential hazards that are really dangerous and cannot be called exceedingly unusual. He objects to agents advising a client to take war damage insurance when he is not likely to be affected.

We would say that the agent has given his clients unwise advice. The client knows as much about this hazard as the agent. It is very probable that bombing in a central district especially may be quite remote. Yet it is not impossible and even not improbable. As we see it, the duty of an insurance salesman is to acquaint his clients and prospects with war damage insurance, give them all the facts and then let them decide.

It is not a case, in our opinion, where a producer should decide the question. He might advise a client not to take such insurance and yet through some bold, daring, unparalleled invasion, bombing might result and the client's property be damaged or destroyed, the very property that the agent advised not being covered. Then the agent would be in an embarrassing position.

### Taking a Look Ahead

Not only insurance companies but producers should study the omens in the skies and endeavor to be prophetic in a certain way. The war some time will end and we will have to deal with post war problems and conditions in a most realistic way. We cannot emerge from this great world conflict without realizing that there will be changes of a most important nature. For instance, millions and millions of money are being invested today in the airplane industry. Thousands and thousands of young men are being trained as pilots, airplane mechanics, designers, technicians, ground men, etc. It is not likely that this vast expenditure of money and mobilization of trained man-power will simply mean a return to prewar conditions when the present conflict ends.

The airplane industry has gone ahead by leaps and bounds and therefore it is destined to become a far greater factor in this country. Hence insurance must study the airplane problem from every possible standpoint. It must be ready for underwriting and protecting this

It is always well when a producer makes a recommendation as to a person's insurance to have it done in writing. Frequently a keen and analytical agent or broker is able to discern those hazards which really should be guarded against and yet the clients may look upon them as too foreign to require protection. Yet if a policy is not written and a loss occurs the assured is certain to blame the agent unless the latter has some documentary evidence to show that he recommended the coverage that was needed.

In war damage insurance the duty of the agent has been fulfilled when he brings the indemnity to his client's attention, explains it, tells what it will cost and its scope. If there is any damage and the assured is not protected he then will hold the agent liable because he did not bring it to his attention. Therefore an agent should always play safe and after explaining the conditions and the coverage, then in this instance the assured should decide whether to take it or not. He has just as much knowledge of whether the hazard is remote as the agent. An agent should always protect himself against criticism or complaint of an assured on the ground that he did not tell him about a certain class of indemnity.

class in peace time. This great industry will need insurance protection. The factories now turning out war material will stretch over to civilian production. Many predict that personal airplanes will be a thing of the future and will to a great extent supplant automobiles. Be that as it may, there is certain to be a far greater civilian and business demand for airplanes than ever before. Producers should study the question from their standpoint and be ready to offer programs for this great and steadily growing industry the moment that they are needed.

Never before have laboratories been so intensively and intelligently at work as they are today. Men of science, research workers and technicians of all kinds are centering their thought and energy on the development of new products, new ways of doing things. Undoubtedly by the end of the war synthetic rubber will be produced in sufficiently large quantities to meet almost all the demands. That means that the rubber industry in the East Indies is

already gone. Then, too, rayon is fast supplanting silk and thus the Japanese silk industry will find itself paralyzed. There are to be changes in trade and economic conditions. The social structure will be considerably rebuilt and al-

together we can anticipate a changed world. It is the obligation of all of us interested in insurance to see that that industry does not lag but must keep abreast with the procession as it moves onward.

### Big Turnover in Field Men

THE compilers of THE NATIONAL UNDERWRITER's state insurance handbooks or directories observe that there is a very material turnover in field men these days. This is due to so many going into the service or taking positions as inspectors in governmental or industrial work. There has been a demand for trained insurance inspectors and

many have gone into that service.

The fact, therefore, that new men have been shifted into these field positions creates sometimes a quandary in the minds of executives as to what course to pursue. In a number of cases field work is being combined. Altogether war contingencies affect every angle of trade and industry.

## PERSONAL SIDE OF THE BUSINESS

Thomas E. Wood, Cincinnati agent, went to Washington last week to explain the procedure in the successful American Heroes' Day and navy recruiting drive in Cincinnati to Navy Secretary Knox. Mr. Wood was a member of the citizens' committee handling this enterprise, which included building a model destroyer on Fountain Square for a naval recruiting station and a gala civic celebration, at which a record-breaking crowd of recruits was inducted. Rear Admiral F. C. Sherman, former captain of the aircraft carrier "Lexington" and Brig. Gen. R. L. Denig of the marines were the featured guests. Many other cities have wanted to repeat this performance, so Mr. Wood took Secretary Knox, at the latter's request, an outline of the work and a complete scrapbook of the history of the Cincinnati function. Mr. Wood served in the Marines in 1917-18.

David J. Main of the Standart & Main agency of Denver was in Chicago en route home after a visit in the east. He was accompanied by Mrs. Main and they spent most of the time in Boston visiting their daughter, Mrs. H. W. Keyes, and her family. There are now two granddaughters who interest Grandparents Main exceedingly. Mr. Keyes is an attorney. His father, H. W. Keyes, Sr., was formerly governor of New Hampshire and later United States senator from that state. Mr. Keyes' mother, Frances Parkinson Keyes, is a well known newspaper feature writer. She has been recently in New Orleans writing some very arresting sketches of that colorful city and its vicinity.

E. H. Mulock, president of Central Life of Iowa, well-known also as a local agent in Des Moines for many years, is now reported on the road to recovery and expects to leave Iowa Methodist hospital within a few days. Mr. Mulock was taken to the hospital May 22 and was taken seriously ill a month later with pneumonia. At one time his condition was so critical it was necessary to place him in an iron lung.

Recently, he has been improving steadily.

E. A. Henne of Chicago, vice-president in charge of the western department of the America Fore, left this week

for Colorado Springs for his summer vacation.

Alex Granberg, San Antonio, state agent in Texas for Springfield Fire & Marine, is spending a couple of weeks in the western department headquarters in Chicago.

L. A. Barley, chief engineer of the Mountain States Inspection Bureau, Denver, has regained his health and returned to duty, following several months leave of absence which he spent at El Paso, Tex., with his son, who is associated with the D. G. Crowell general agency there.

The family of Wellington H. (Duke) Potter of Rochester, N. Y., is engaged 100 percent in war work. Mr. Potter is a well known insurance agent and has made a name for himself as an insurance speaker throughout the country. Wellington H. Potter, the son, is a petty officer in the navy at San Diego. Eleanor H. Potter, a daughter, is receptionist in the army ordnance district office at Rochester; Virginia H., another daughter, has just been appointed to the women's auxiliary army corps training school at Ft. Des Moines; Mrs. Potter is engaged in British war relief and "Duke" Potter is an air raid warden.

Eugene Engelhard of Engelhard & Co., Chicago, who is executive vice-president of the Illinois Association of Insurance Agents, is recovering from a bone operation at Mayo's in Rochester, Minn. He will be required to rest for at least two months.

Walter Myers of the Patillo & Myers general agency of Dallas has been visiting the head office of the Meserole companies in New York.

W. A. Bartlett of Chicago, western manager of Halifax, has returned from an agency visit to Texas and Oklahoma.

Col. Harrison W. Flickinger, officer of the Republic Air Corporation in charge of foreign negotiations, has just been made a knight, first class, in the Royal Order of Vasa, in recognition of valuable service rendered to the Swedish air force. Col. Flickinger is now located in Washington. He is a son of W. B. Flickinger of Oak Park, Ill., retired associate western manager of the North America.

Mrs. Katherine Wayland, deputy in-

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insurance commissioner of California and secretary to Commissioner Caminetti, has returned to her offices after more than six weeks in the hospital and at home. Both wrists were fractured in an accident on her vacation.

**Bert H. Aust** of Oklahoma City, Oklahoma state agent of Hanover, visited the western department in Chicago for several days this week.

**J. L. Harris**, stepson of P. A. Codere, chief agent in Canada of St. Paul Fire & Marine, and Miss Frances Foster were married at Winnipeg. President and Mrs. C. F. Codere attended the wedding. Mr. Harris was with the St. Paul in Winnipeg until he entered the service some months ago. He has won his wings in the R.A.F.

**Howard R. Underwood**, state agent of Providence Washington and secretary of the Ohio Fire Underwriters Association, is confined to Grant Hospital in Columbus with an infection in his left hand. The injury is believed to have been received while he was at work at his home at New Albany, O., and took a serious turn while he was attending the outing of the Ohio field clubs at Cedar Point last month.

## DEATHS

**Alex Ritter**, 69, Milwaukee local agent, died there after a long illness.

**J. L. Sutton**, surveyor and map man of the Louisiana Rating & Fire Prevention Bureau, New Orleans, died there. He had been with the bureau 24 years.

**Robert S. Burgess**, 55, inspector of the Massachusetts department, died suddenly at his desk in the department headquarters.

**William F. Grosser**, 73, head of the Grosser Agency, Salina, Kan., died there. He was a former Salina postmaster.

**F. C. Waterman**, state agent St. Paul Fire & Marine in eastern New York, with headquarters in Albany, died in a hospital there. A year ago he submitted to a major operation but recently had resumed field work until he was stricken suddenly two weeks ago. He had been with St. Paul 2½ years and before that was with Great American in the same territory.

**Wade H. Dettmerman**, 53, Green Springs, O., who retired three months ago, died from a heart attack. He was secretary of the Federation of Mutual Insurance Associations of Ohio.

## Program Announced for Annual Muster Utah Local Agents

The complete program for the annual meeting of the Utah Association of Insurance Agents to be held Aug. 24-25 at Ben Lomond Hotel, Ogden, is:

### Monday, August 24

Welcome, H. Aldous Dixon, president Ogden Chamber of Commerce.

Response, E. Hugh Ford, Ogden, president.

Greetings from National Association, Harold I. Callis, Santa Barbara, Cal., member executive committee.

"Legislation," Oscar A. Carlson, Utah commissioner.

"The Model Insurance Office in Wartime," W. B. Glassick, Howkins & Glassick, Hollywood, Cal.

Luncheon, Carl C. Gaskill, Ogden, presiding. Dr. Adam S. Bennion, assistant to president Utah Power & Light Company, guest speaker.

### Afternoon

Annual golf tournament, Ogden Golf & Country Club, Carl C. Eubank, chairman.

Ladies' bridge party, Ogden Golf & Country Club, Mrs. E. Hugh Ford, chairman.

6 to 8 p. m.—Cocktail hour and buffet supper, Ogden Golf & Country Club, sponsored by Ogden Insurance Agents Association.

### Tuesday, August 25

Panel discussion, "Selling Business Interruption Insurance to Small Business Men," by members of Intermountain Field Club.

"The Effect of War Upon the Agents' Income and How It Can Create New Sources of Income," Harold I. Callis.

"What the Insurance Buyer Expects from the Local Agent," Wallace F. Bennett, president Bennett Glass & Paint Co., Salt Lake City.

"How Agents Can Cooperate With the Insurance Department," C. N. Otteson, deputy commissioner.

"Supplanting Accident and Health Premiums for the Declining Automobile Premiums," George W. Kemper, manager accident and health department Fireman's Fund Indemnity, San Francisco.

### Afternoon Session

"Check Your Clients' Fire Insurance Against Rising Building Values."

"War Damage Insurance," H. F. Badger, executive secretary Pacific Board.

Business meeting, members only.

Annual election.

7:30 p. m.—Annual banquet and dinner-dance.

## Army Closely Studies Cincinnati Plan

West Shell, president Cincinnati Fire Underwriters Association, went to Washington this week at the request of the internal security division of the War Department to explain the details of the Cincinnati Volunteer Fire Prevention Program. This plan which has come to be known as the "Cincinnati Plan" provides for a corps of qualified insurance men to act as inspectors and is authorized by special city ordinance. It has already received the endorsement and approval of the Western Underwriters Association, National Board, Cincinnati ordnance department, Ohio Inspection Bureau and the state fire marshal.

Starting early this year the Cincinnati association through Mr. Shell promoted the establishment of this volunteer group of some 40 qualified inspection men. They supplement the army's regular inspection work and specialize on technical inspection of the large number of local plants holding sub-contracts. Through the corps' efforts a number of very hazardous situations have already been located and removed. In addition to attracting the interest of the War Department, numerous other cities have been interested and are considering similar plans.

In the "Cincinnati Plan," which the army is now investigating with the thought of recommending it to other cities, special emphasis is laid on getting technically trained men so as to properly cover the many various situations. Each plant is visited once a month and detailed reports are sent to the fire department for checkup wherever this is needed. Violations, when found, are referred to the fire department or to the local ordnance department.

## New Paper in New Orleans

NEW ORLEANS—The "Southern Insurer," a new insurance paper, made its appearance in New Orleans last week. The masthead carries the name of Louis Phillips as editor and manager. Except for the name, it is similar in appearance to the "American Insurer," of which Mr. Phillips is also president and editor. The July edition of the "American Insurer," now in its 59th year, has not appeared, and apparently has been quietly discontinued. The "Southern Insurer" con-

## Schulz Is Slipner & Co. Chief Underwriter, Office Manager

Walter A. Schulz, who has been connected with Moore, Case, Lyman & Hubbard, Chicago supervising agency, for 17 years, has resigned and has been appointed office manager and chief underwriter of the Henry S. Slipner & Co. agency there, as of Aug. 15. Mr. Slipner died recently.

Mr. Schulz started in insurance with Fred S. James & Co. at Chicago as draftsman and inspector, then counter-man and underwriter. After four years he went into business for himself in the decorative arts. Then for two years he handled outside fire brokerage business for the Bartholomay-Darling agency. Lately he has been in charge of personnel and the auto department for Moore, Case, Lyman & Hubbard, and for the entire 17 years also handled auto underwriting.

**John J. Urmson**, son of John Urmson, secretary of London & Lancashire Indemnity, enters the army Aug. 11. Mr. Urmson has been employed by London & Lancashire Fire. Entering the army at the same time from this same company group is **Frank Behrens**, casualty underwriting department, London & Lancashire Indemnity.

tains no salutation, nor did the June number of the "American Insurer" contain a swan song.

The principal stockholders of "American Insurer" are Louis Phillips and Robert A. Hopkins, Mr. Phillips holding a majority. Mr. Hopkins stated that as a stockholder he had received no notice of intent to liquidate the "American Insurer." Mr. Hopkins resigned from the paper last September and has litigation pending against it, in which he asks \$561 for accrued salary.

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# The NATIONAL UNDERWRITER

August 6, 1942

## CASUALTY AND SURETY SECTION

Page Thirteen

### Participation in War Injury Policy Pool Allocated

#### Operations Formally Started with 54 Companies as Members

At a meeting this week the general committee in charge of the reinsurance pool to write the civilian war injury policy, sponsored by the Health & Accident Underwriters Conference, formally allocated the participation of the subsidiary companies. Inasmuch as the pool was over-subscribed some of the companies subscribing for the maximum participation were not allowed the full number of units which they had requested.

#### Companies Participating

There are 54 companies, from Maine to California and from Florida to Washington, with assets totaling more than \$750,000,000, participating. They are:

American Casualty, American Fire & Casualty, American Motorists, American Republic, Beacon Mutual Indemnity, Benefit Association of Railway Employees, Business Men's Assurance, Commercial Casualty, Empire State Mutual Life, Employers Reinsurance, Federal Casualty, Federal Life & Casualty, Federal Life, Fidelity Health & Accident Mutual, Great Northern Life, Hoosier Casualty, Illinois Bankers Life, Illinois Mutual Casualty, Inter-Ocean Casualty, Inter-State Business Men's Accident, Lincoln National Life, Loyal Protective Life, Lumbermen's Mutual Casualty, Metropolitan Casualty, Michigan Life, Mid-Western Casualty, Ministers Life & Casualty Union, Minnesota Commercial Men's, Monarch Life, National Casualty, National Travelers Casualty, North American Accident, North American Life & Casualty, Occidental Life, Cal.; Old Line Life, Pacific Employers, Pennsylvania Casualty, Postal Union Life, Provident Life & Accident, St. Paul-Mercury Indemnity, Security Life & Accident, Security Mutual Life, Time, Union Mutual Life, United Benefit Life, United, Chicago; United Life & Accident, United Pacific, United States Life, Washington National, Western Casualty & Surety, Wisconsin National Life, Woodmen Accident and World of Omaha.

It is felt that the solution of this problem demonstrates that private insurance can meet unusual and unexpected hazards with complete safety to the companies, and with sure and adequate protection to the civilian population at low cost. It also demonstrates the value of cooperative effort of many companies with large aggregate assets and doing business in all sections of the country.

Each of the cooperating companies will offer the policy to the public. All

(CONTINUED ON PAGE 20)

### Auto Deaths Drop 15% in 6 Months

#### June Decline of 32 Percent Is Largest in the Country's History

In the first six months, the number of traffic deaths country wide decreased 15 percent, and the decline in June was 32 percent, compared with the same periods of 1941, according to the National Safety Council. The June drop was the largest decrease for any month in the country's history.

Deaths in the first six months totaled 14,800, including 8,400 workers, and an additional 300,000 workers were injured. June deaths totaled 2,090.

#### Travel Off Considerably

Travel was off 20 percent in May and 7 percent in the first five months of 1942. No travel figures are available for June, but apparently decreased mileage due to curtailment of cars and tires was an important factor in the June reduction in traffic fatalities. Traffic deaths were down 11 percent in the first five months and travel was off only 7 percent, indicating that the death rate per 100,000,000 miles traveled was 4 percent less.

Cities of 10,000 or more had an average reduction of 7 percent for the first six months, small towns and rural areas, approximately 20 percent.

#### Declines in Eastern States

The 17 eastern seaboard states with gasoline rationing had a reduction of 35 percent in June, only 3 percent greater than the national average. The north Atlantic region had a 26 percent drop, while the south Atlantic had a decrease of 44 percent. For the first half the north Atlantic states had a decrease of only 5 percent.

Only one state had an increase in June traffic deaths. For the first six months 36 states showed decreases, one was the same, and three had increases. Of 420 cities with 10,000 or more population, 173 showed decreases, and 107 had the same number of deaths as a year ago. Milwaukee, with a population of 587,500 was the largest city to complete June without a traffic death, and it led in death rate for cities of 500,000 or more population with 7.8. Binghamton, N. Y., was the largest city with a perfect record for the first half year and led the ranking for cities of 50,000-100,000 population.

#### Minn. Lloyds in Fleet Protest

ST. PAUL — Minneapolis Lloyds is protesting the ruling of the Minnesota department requiring data on automobile fleet coverages. Aug. 1 was the deadline for complying with the request of the department and several other companies had not filed reports by that time.

#### Ives San Antonio Manager

C. L. Ives, who has been manager of the Retail Credit Company at Wichita, Kan., and Amarillo, Tex., has succeeded R. W. Sinz, who has been called into the army as a lieutenant, as San Antonio manager.

### Program of Law Group Is Given

#### Insurance Section of American Bar Association Meets Aug. 23-26

The program of the insurance section of the American Bar Association, which will meet in Detroit Aug. 23-26, has been completed by Clement F. Robinson, Portland, Me., chairman. If the meeting cannot be held because of the war, the papers and reports will be sent to members.

The council of the section will meet Aug. 23, and on Aug. 24 there will be a general session at which Commissioner Berry of Michigan and Mayor Jeffries of Detroit will give addresses of welcome.

The impact of war on existing insurance coverages will be discussed by Harry C. Bates of Metropolitan Life for life, accident and health, and by E. W. Sawyer, National Bureau of Casualty & Surety Underwriters, for fire, marine, inland marine, fidelity & surety, aviation, and insurance administration.

#### General Committee Reports

At this session also there will be reports by chairmen for general committees on the law as it relates to various insurance lines: Automobile, F. B. Baylor, Lincoln, Neb.; aviation, C. M. Hester, Washington, D. C.; casualty, Hugh D. Combs of the U. S. F. & G.; fidelity and surety, H. W. Nichols, New York City; fire, J. M. Guiher, Clarksburg, W. Va.; health and accident, O. H. Miller, Des Moines; inland marine, R. E. Hall, Aetna Casualty; insurance law practice and procedure, W. E. Benoy, Columbus, O.; lay insurance adjusters, O. J. Brown, Syracuse, N. Y.; marine, G. E. Beechwood, Philadelphia; qualification and regulation of insurance companies, G. W. Goble, University of Illinois, and workmen's compensation, Thomas N. Bartlett, Maryland Casualty.

Round tables will be held Aug. 25, many of them dealing with effects of war. Subjects and participants are:

Automobile: "Effect of war on an insured's liability and on liability coverages, J. B. Martin, Philadelphia; comparative negligence, Kenneth Grubb, Milwaukee, and suits under war conditions, W. H. Morrison, Portland, Ore.

#### Fire Damage Caused by War

Fire: Liability of fire insurers for damage by fire caused by war, John S. Foster, Newark; review of fire insurance decisions of the year, J. T. Hammond, Benton Harbor, Mich., chairman of the insurance committee of the Michigan senate for many years; open forum on war problems of fire insurance, led by Thomas Watters, Jr., of the National Board and F. G. Clarke, Seattle.

Health and accident: Total and partial disability, single indemnity, and accident insurance, Harlan S. Don Carlos, head of Travelers claim department; discussion by Mark E. Archer, Empire Life & Accident; double indemnity and accident insurance, R. J.

(CONTINUED ON PAGE 20)

### Two New WSA Operations Create Bonding Needs

#### Towner Bureau Promulgates Rates and Rules for Instruments

Two types of bonds required under new operations of the War Shipping Administration are now available. In both cases the type of bond form is prescribed, but the Towner Bureau has promulgated rates and rules. Both bonds require close underwriting, surety executives believe. One bond is to be given by importers to guarantee payment of premiums developed under the new cargo war risk open policies offered by the WSA and the other is to be given by shipping companies and others that operate vessels owned or chartered by the WSA.

The Towner Rating Bureau has published the bond form, rules and rates for the bond required to be given by shipping companies and others that enter into agreements with the War Shipping Administration for operation of vessels owned or chartered by the WSA. Provision for entering into such agreements was recently authorized. Some of the surety companies feel that this business is not desirable. They recall the agreements entered into a few years ago on the part of the United States Shipping Board Emergency Fleet Corporation which produced numerous and heavy claims for the surety companies and required years of work on the part of surety claim departments. Many of those claims were attributed by the surety companies to the accounting system the operators were required to maintain and which was not a practical system for the operators. Some of the surety companies regard these undertakings as long term credit risks and believe that they should have cash collateral except for old established companies of high financial standing.

#### Bond Amount 10 Percent of Advance

According to the Towner Bureau the War Shipping Administration is fixing the amount of the bond at 10 percent of the total advance made to the operator by the WSA. The rate per thousand for the first \$500,000 of bond penalty is set at \$15 and for the next \$500,000 at \$5. For limits of more than \$1,000,000, full information must be submitted to the bureau.

The Towner Rating Bureau has promulgated a rate of \$20 without collateral and \$10 with cash or government securities as collateral for the bond to be given by importers who buy war risk insurance from the War Shipping Administration under the new open cargo policy that is being offered by the WSA. These bonds which the importer may give in lieu of a collateral deposit with the WSA, guarantee the payment of premiums for insurance that takes effect under the open cargo policy.

(CONTINUED ON PAGE 20)

## Labor Day May Bring Auto Change

**Fear Many Motorists Will Lay Up Their Cars After That**

Many insurance people who are watching closely the automobile developments fear that there will be a marked decline in the use of the automobile after Labor Day. Many motorists, it is believed, are using their cars throughout the summer as a sort of last fling, with the intention of laying them up or making only very little use of them after that. On the other hand there is always the possibility that although motorists may have such a program in mind, when the time comes they will not carry out their intentions, particularly if the tires are still in good condition.

All of the offices report that there is an increase in cancellations. A good many of these are from assured who have gone into army service. Some are undoubtedly motorists who have laid their cars up or are making such little use of them as to decide to take a gamble and go without insurance. So far this year the volume of automobile premiums is just about equal to that of last year except for the finance accounts but the fall season is being anticipated with a good deal of anxiety.

## Bosshard Milwaukee Head of New Amsterdam

Royal H. Bosshard, formerly connected with the Pacific Coast office of New Amsterdam Casualty, has been appointed its manager in Milwaukee. He takes the place of Fred E. Pass, who is no longer connected with New Amsterdam.

## Debenture Purchases Announced

Some \$1,078,350 face amount of debentures, out of a total of \$1,180,410 tendered, have been purchased, following calls for tenders which closed July 29, by seven corporations whose debentures are guaranteed as to interest but not as to principal by Maryland Casualty. All purchases were made at prices not exceeding the limited acceptance prices named in the calls for tenders. The corporations affected are Arundel Debenture Corporation, Continental Investment Debenture Corporation, National Debenture Corporation, Potomac Consolidated Debenture Corporation, Potomac Franklin Debenture Corporation, Potomac Realty Atlantic Debenture Corporation and the Standard Debenture Corporation.

Total assets of the seven corporations before current debenture purchases amounted to \$615,405. Giving effect to debenture purchases, remaining assets will total \$105,467, as against \$2,975,000 remaining debentures outstanding.

As a result of this and previous calls for tenders, these and other corporations have purchased and retired more than \$16,000,000 face amount of debentures, as a result of which there remains outstanding, guaranteed by Maryland Casualty as to interest but not as to principal, an aggregate of \$9,876,160 in debentures.

## F. & D. to Write PPF on Coast

Fidelity & Deposit is planning to write the personal property floater in Washington and Oregon. Vice-president Guy L. Stevick, San Francisco, said the company has made a thorough study of the laws in those states, and believes it is entitled to write the forms there. The company also is making a study of the California field. F. & D. has been writing the form extensively in Maryland, and entered other eastern states early this year.

## TRIBE OF THE EARLS IN CINCINNATI



This is the tribe of Earls. W. A. Earls is a well known local agent at Cincinnati and former president of the Ohio Association of Insurance Agents. The picture was taken before two of the Earls boys went into service. Upper left is William T. Earls, general agent Connecticut Mutual Life at Cincinnati, now lieutenant in the navy at Annapolis. In the center rear, holding a child, is H. W. Santen, who married one of the Earls girls, and who is an attorney representing a number of casualty companies in Cincinnati. In the rear, seventh from the left is Thomas William Earls, son, vice-president of

the Earls-Blain Company agency in Cincinnati. In uniform is John V. Earls, formerly treasurer of the agency and now a naval officer. Lower left, seated, is Mrs. C. G. Earls of the Ransom-Droege Agency, Covington, Ky. On the right of John Earls is Mrs. William A. Earls and to her right is William A. Earls. Mrs. W. A. Earls is the oldest daughter of the late Thomas E. Gallagher, who for many years was western general agent of the Aetna Fire. There are 12 grandchildren, three sons-in-law, two daughters-in-law and three sons. This is a most interesting family group.

## Turn Down Proposal for More Equity Rating Authority in Chicago

The executive committee of the National Bureau of Casualty & Surety Underwriters has turned down the recommendation of a group of Chicago company men that the Chicago office of the National Bureau be given authority to handle equity rating for Illinois, Iowa and Indiana. The Chicago committee expressed the belief that the granting of such authority would speed the equity rating process. They recommended that the Chicago office handle all equity rating filings that appeared to be reasonable and to submit to the head office of the bureau only those that contained doubtful elements. According to the recommendation, the Chicago branch office of the company, if it had authority from its home office, could make its equity rate filings direct with the Chicago office of the bureau or if it did not enjoy that confidence from its home office, then the company home office could make the filing with the Chicago office of the bureau.

At present the Chicago branch of a company submits its recommendation to its own home office which in turn makes a filing with the head office of the bureau and then the bureau releases the information through its Chicago office to the company branch in Chicago, for Illinois and Iowa business. In Indiana the head office of the bureau notifies the company direct and the Chicago office of the bureau is merely given the information for its own records.

The Chicago Insurance Agents Association had adopted a resolution requesting that the Chicago branch of the bureau be given authority to handle equity rating.

## R. W. Byrne in Company Post

R. W. Byrne, formerly owner of the W. S. McClain agency of Denver, has joined the home office staff of Indemnity of North America as an underwriter in its special risks department. Prior to entering the agency field he was a special agent for Employers Liability. Mr. Byrne's interest in the McClain agency has been acquired by Garrett Bromfield & Co. which will succeed the former

## Coverage Planned for Securities Damaged in War

NEW YORK—It is likely that an early decision will be reached by a group of companies that will form a pool to write securities and other valuable documents that may be destroyed by enemy bombing or other enemy activities. At present there is no way of getting coverage for such a hazard. The blanket bond policy excludes loss of that kind. The feeling here is that the private companies will handle all the details and the coverage will be conducted through their machinery but the government will take 90 percent of the liability.

It is thought that a setup similar to that under which the fire companies are working with the WDC will be followed. Some companies were willing to assume full liability but the more cautious executives feel that it would be too hazardous and lay themselves open to too severe loss. It is said that the commission plan will run about the same as war damage insurance and perhaps the expense percentage for the companies will be about the same.

## Honor Liberty Mutual Veterans

BOSTON—Liberty Mutual tendered a complimentary dinner to 12 members of its staff, including two directors, who have served the company since its inception 30 years ago. Officers and 25-year employees were present, with President S. Bruce Black presiding. Those honored for 30 years' service were Louis K. Liggett, director and chairman of the board of United Drug Co.; John S. Kent, director; Miss Helen Curtin, secretary; John W. Cronin, vice-president and general counsel; Clark E. Woodward, vice-president and secretary; S. E. Whiting, vice-president and consulting engineer; Walter S. Bucklin, director and first president of the company; John V. Powell, director; J. J. Loughlin, George Bigelow, J. V. Powell, J. W. Church and Dr. B. E. Sibley. Announcement was also made of the immediate retirement of Dr. Sibley, associated with the company's clinic.

firm as general agents for Indemnity of North America.

## Automobile Rates Are Considered in New York Parleys

**Rationing of Gasoline Becomes a Vital Factor in Discussions**

NEW YORK—Representatives of bureau and independent stock companies went into session here Wednesday afternoon for a general discussion of the automobile rate situation in its various ramifications. The National Bureau will now get monthly reports of experience of member companies in an endeavor to keep closely informed of developments. A session of the National Automobile Underwriters Association was also being held this afternoon.

NEW YORK—The order of Mayor LaGuardia to motorists to dim their car headlights with a suitable shield or else use their parking lights exclusively while driving, is expected by automobile and safety people to add considerably to the accident hazard. Street lights have already been dimmed materially to cut down the glow of the city in the sky which silhouetted ships for lurking submarines. The dimout of car lights is expected to add further hazards to night driving and walking. To add further complications to the situation, the "New York Post" carried an "exclusive" story with big, black first page streamers "State Supt. Favors Cut in Auto Insurance Rates for Holders of 'A' Gas Cards." The words "State Supt. Favors" were printed in relatively small type, so it appeared to hasty readers as if the cut in rates had already gone into effect and insurance offices received many calls.

## Superintendent Pink's Statement

In an interview with a "New York Post" reporter, Mr. Pink said, "This department does not make automobile rates. They are made by statistical bodies maintained by the companies, but they are submitted to the department and passed upon by us."

"As this is not a new subject here, we have been holding conferences with representatives of the automobile rating bureau for some time."

"We believe that a reduction of rates for those holding A cards undoubtedly is in order. There are many difficulties in the way."

"We did not know exactly what the rationing would be until July. We have no real experience as yet to determine what the reduction should be."

"Rates are based upon experience over a period of years and depend upon the cost of insurance in each locality. It will take many months before we will have figures of any real value."

"Some of the difficulties are—accidents due to dimouts, intensive use of cars by war workers and others, bad tires and deterioration of cars."

"While the total number of accidents is decreasing in severity, the cost of accidents is increasing. Despite all of the difficulties, however, I think the holders

(CONTINUED ON PAGE 28)

C. Sumner Katz, of the home office claims department of Indemnity of North America, has been commissioned a lieutenant in the Navy.

Word was received in Des Moines that Frank H. Noble, Iowa manager of American Surety, fell and broke both his arms at Estes Park, Colo. He was vacationing with Mrs. Noble. He has been manager in Des Moines for 37 years.





## YOUR HOME IS NOW CONSPICUOUS BY YOUR ABSENCE

**B**EFORE PEARL HARBOR, when you went out for an evening at the movies or over to a friend's house to play bridge, you may have left a light in the living room or hall. Why tell the underworld that no one's home, was the thought behind it.

That light may have deterred some prowlers or thieves. Where there's a light, there's likely to be someone home—and in their opinion, even one person in a home they wish to enter constitutes a crowd.

Now when we go out for the evening, we turn out all lights. We don't want the neighbors extinguishing them with stones in case of an air raid alarm. Our homes are now conspicuous by our absence—conspicuous to burglars and thieves.

*YOUR clients need not worry because you can sell them Travelers Residence Burglary Insurance. It offers much more reliable protection against loss than lights, locks or latches do. This protection costs very little more than keeping a light burning.*

*Residence Burglary Insurance pays for what the burglar or thief may steal and equally important, it pays for the damage the burglar does.*



**THE TRAVELERS INDEMNITY COMPANY**  
HARTFORD, CONNECTICUT

## ACCIDENT

### Standard Accident Issuing Civilian War Accident Form

Standard Accident has put out a civilian war accident policy of its own, released for sale Aug. 1. It is issued solely by Standard and not as a member of the recently organized pool. It provides \$5,000 principal sum, with corresponding dismemberment benefits, and \$500 medical reimbursement for \$5 per year, irrespective of age or physical condition.

Where the pool policy refers to action by military, naval or air forces of the United States, Standard adds, "or any of its allies." In addition to covering in the 48 states and District of Columbia, it protects policyholders who are residents of the United States when they are temporarily in Canada or Mexico.

When a civilian holding such a policy enters the military, naval or air service, his coverage is automatically terminated and return premium is granted on a pro-rata basis.

### Commercial Men's Convention

The International Federation of Commercial Travelers Insurance Association will hold its annual convention at the Hotel Frontenac, Quebec, Aug. 31-Sept. 3.

### Baehl Covers Printing Trades

Edward J. Baehl, veteran Chicago union printer for about 20 years, has been appointed by North American Accident as representative in charge of the new allied printing trades division, covering all of Illinois. Details of its policy were presented recently.

The new division has done a large volume of business in the short time since it was started. The special policy is sold to all persons in the Allied Printing Trades Council. Later it is planned to extend it to organized women workers in the printing trade such as bindery women.

### N. Y. Club Cancels Outing

NEW YORK—The Accident & Health Club of New York City has decided not to hold its annual outing in view of the war and the necessity for conserving gasoline and rubber. C. F. Demsey, Travelers, club president, has suggested that members put into war bonds and stamps the money they would otherwise spend on the outing.

### Extends Auto Accident Forms

Following the lead of Provident Life & Accident, Hoosier Casualty, to meet the present transportation situation, is extending the coverage under four of its automobile accident policies so as to cover travel by common carriers, including airplanes. The extension is provided by endorsement with no additional premium.

## CHANGES

### Brosnan Now in Charge of Two Eastern Rating Bureaus

John G. Brosnan has become manager of the District of Columbia Compensation Rating Bureau and of the Maryland Compensation Rating Bureau, replacing George Haatanen. Mr. Brosnan had been assistant manager of the Missouri Compensation Bureau, and his advancement is evidence of his familiarity with rate administrative practices and procedure.

### Prall to Los Angeles

J. L. Prall, special agent of Hartford Accident in charge of the Sacramento, Cal., office, has been transferred to Los

Angeles to succeed S. H. Butler, who has reported for army service.

### H. C. Houghton to F. & C.

H. C. Houghton, field supervisor of Great American Indemnity in Iowa, has resigned his position with the company to become special agent of Fidelity & Casualty in Minnesota with headquarters in Minneapolis. He was with F. & C. before joining Great American Indemnity.

## SURETY

### Federal Contract Work Still Active

NEW YORK—Companies writing surety business find that their government contract business is still keeping up and in many ways shows an increase. At one time it appeared rather dark and the War Department decided that it would leave the matter of having a bond in charge of the chief commander of an area. However, owing to the rapidity with which work must be done, most contracts are made on a lump sum basis and in a number of instances no bids are required. A reputable contractor is asked for his price to do a large job. In all such cases bonds are required. Where there is no bid it is called a negotiated contract.

### Fidelity Loss in Life Company Arouses Interest

Surety people are interested in the unusual forgery case at Illinois Bankers Life of Monmouth, Ill. The body of Carl J. Riefler, head of the policyholders service department of that company, was recovered the other day from Springfield Lake, near Springfield, Ill. He had been missing about eight days and the company had announced that he had left a shortage of at least \$15,000. It appeared that he had directed to his office fictitious requests on the part of policyholders for policy loans. After approving these requests, he would get a check to be sent to the policyholder but he would extract the letter from the mail and he would forge the policyholder's endorsement and also endorse the instrument himself. This practice apparently had been going on for some time. An audit is being made and there is much interest in the exact system that he employed. Home Indemnity carried the blanket bond of Illinois Bankers Life in the amount of \$25,000.

### Travelers Surety Premiums

Secretary J. C. Smith of the Travelers in charge of its surety department calls attention to the fact that its net premiums in that class amounted to \$1,074,874 last year. It set \$2,000,000 as the goal for 1942. The premiums for the six months amounted to \$954,353. Therefore, he believes that it is possible to reach the \$2,000,000 mark this year.

## PERSONALS

John J. Hall, director of the street and highway safety division of the National Conservation Bureau of the Association of Casualty & Surety Executives, has been elected an honorary member of the American Association of Motor Vehicle Administrators. This is the first such honor conferred by the association.

James Michael Joyce, head of the compensation claim department in Chicago for United States Fidelity & Guaranty, was feted at a luncheon in his city Monday on the occasion of his

25th anniversary with U. S. F. & G. He was presented with a watch and satchel on the part of the local organization and a pair of silver candlesticks from the home office. E. J. Moroney handled the arrangements and Manager W. O. Schilling officiated.

Paul Clement, secretary of Minnesota Commercial Men's and a past president of the Health & Accident Underwriters Conference, has been named by the Minnesota Izaak Walton League to investigate the controversy between the state and federal governments on land acquisition in Minnesota by the government. This issue has brought on a wide-open break among Minnesota conservationists. Mr. Clement long has been an outdoor life enthusiast.

Rollo E. Fay, Pacific Coast manager National Bureau of Casualty & Surety Underwriters, spent the past week in the Pacific Northwest on his annual visit. He conferred with B. K. Campbell, manager of the Portland and Seattle offices, and also met with the Washington advisory committee of the bureau in Seattle.

G. A. L'Estrange, vice-president and agency manager of Wisconsin National Life, Oshkosh, Wis., has been appointed chairman of the army emergency relief fund auxiliary committee for Winnebago county.

## DEATHS

George J. Hartman, 48, manager of the life and accident and health departments of Cravens, Dargan & Co. at Houston, Tex., died there. The firm is general agent of Occidental Life of California. Mr. Hartman was in the investment business in his native city of Chicago before going to Los Angeles. In 1929 he joined Occidental Life at the home office as supervisor of the thrift department. In 1933 he went into the field as a manager and was successively located at Grand Forks, N. D., Portland, Ore., and Fresno, Cal. He returned to the home office in 1938 as assistant superintendent of the accident and health department, resigning in 1941 to go with Cravens, Dargan & Co.

Mrs. Ronald A. Foster, whose husband is senior member of Foster & Messick, Indianapolis, managers of United States Fidelity & Guaranty, died at her home there. She had been an invalid for seven years but prior to that had been a leader in charitable and other worthy activities in Indianapolis.

Wallace Egerton, 70, resident vice-president at Boston of New Amsterdam Casualty, died at his home in Waban, Mass. He was a native of Thomaston, Me.



**Admitted Assets**  
**\$5,506,442.81**

**Policyholders Surplus**  
**\$1,522,222.43**

**Burglary**  
**Plate Glass**  
**Automobile**  
**General Liability**  
**Accident and Health**  
**Workmen's Compensation**  
**Fidelity and Surety Bonds**

H. G. EVANS, President

All business is written through Agents.  
Branch and Service Offices Throughout the United States.

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# "PREFERRED"...

AS DEFINED BY THE DICTIONARY:

*"Set above or before in estimation or favor;  
regarded or honored before another; held in  
greater favor; liked better."*

THE record of "PREFERRED" performance  
for 57 years has made this a living definition.

Since 1885 The Preferred Accident Insurance Company has defended its policyholders against loss. Through good times, wars and depressions—it has always lived up to its slogan of "PROMPT PAYING PREFERRED"

Prompt settlement of claims has made the "Preferred" the preferred company of an ever increasing number

of policyholders and has cemented the mutually profitable relationship between the Company, its Agents and Brokers—a large majority of whom have been "Preferred Producers" for a long period of years.

You, too, should place your business with "PROMPT PAYING PREFERRED"

*The Preferred  
Accident Insurance Company  
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Automobile • Accident • Burglary • Plate Glass • Liability • Compensation

## NEWS OF THE CASUALTY COMPANIES

### Continental Casualty Shows Gains at Mid-Year

Continental Casualty has issued a formal mid-year statement showing assets of \$46,957,638, compared with \$45,144,660 as of Dec. 31. Premium reserve stands at \$11,958,820, which is an increase of better than \$1,000,000 since Dec. 31. Claim reserve is \$16,987,592. There is a general investment contingency reserve of \$800,000; a general insurance contingency reserve of \$500,000; capital is \$2,500,000 and net surplus \$10,506,232, which is a gain of about \$500,900.

Premiums earned for the 12 months ended June 30 were \$28,875,864, losses incurred \$12,471,383, loss expense \$2,600,822 and underwriting expense and miscellaneous profit and loss items \$11,457,760.

Net premiums written by Continental Casualty during the first six months of 1942 amounted to \$15,542,005, which was an increase of \$1,025,204 or 7.06 percent over the writings for the first half of 1941. The volume for the first half of this year was the greatest for any six months period in company history. The largest percentage increase was in the fidelity-surety department, the premiums being \$1,186,791 or an increase of 20.59 percent. The accident and health premiums were \$5,544,825, or an increase of 12.29 percent while miscellaneous casualty lines totaled \$8,810,390 or an increase of 2.51 percent.

There was an underwriting profit during the first six months of \$1,084,293, which compares with an underwriting loss of \$377,229 for the same period of last year. Net investment income amounted to \$413,705 or an increase of \$13,000.

### Employers Reinsurance Has Asset, Premium Gains

Employers Reinsurance had earned premiums in the first six months of \$5,447,307, compared with \$4,059,723 in 1941, and \$3,504,246 in 1940. Assets increased to a new high, \$21,684,457, on June 30, up \$785,107 for the six months.

In spite of a reduction in net investment income and larger reserves for income taxes, net profits were approximately the same as a year ago. Net investment income was \$209,171, compared with \$234,432 a year ago. This was a decrease but more than covered the 80-cent dividend requirement for the first six months. Directors declared the regular quarterly dividend of 40 cents a share on the outstanding 200,000 shares of stock, payable Aug. 15, to holders of record July 31. Reserves for taxes were \$557,422, compared with \$474,165 at the close of 1941. Voluntary special reserve totaled \$1,026,342, a gain of \$304,562.

### K. C. Group Drops Affiliation

The executive committee of the Casualty & Surety Underwriters Association of Kansas City has voted to resign the association's affiliation with the Insurance Agents Association of Kansas City. The two groups have, for economy reasons, operated through the same executive offices for several years.

**WANTED**  
"Experienced Safety Engineer competent to handle all types of Safety Engineering and Inspection Work incidental to casualty coverages. Prefer man with industrial background. Please state in own handwriting, age, citizenship, Selective Service Classification, educational and detailed work record, salary record and salary desired."  
Address Q-22  
Care The National Underwriter  
175 W. Jackson Blvd., Chicago, Ill.

Large general agency in Chicago can use additional non-conference stock Casualty Company which is not at present represented here. Address Q-25, c/o The National Underwriter, 175 W. Jackson Blvd., Chicago, Ill.

### American Surety Assets Up \$940,000 Since Dec. 31

American Surety has issued its mid-year statement showing assets of \$29,947,060, which is an increase of about \$940,000 since Dec. 31. Premium reserve is \$7,139,743, as compared with \$6,632,193 at Dec. 31. The reserve for reported losses is \$4,028,506 and for unreported losses \$1,529,609. Capital is \$7,500,000 and net surplus \$6,718,904. For the first six months in comparison with the same period of 1941, there was an increase in premium writings and investment income and a decrease in net losses incurred. After deducting \$600,000 for federal taxes based on 40 percent of estimated taxable income, the net underwriting profit and investment income for the six months amounted to \$912,570.

### Broderick Dearborn National President



D. F. BRODERICK

David F. Broderick has been elected president of the Dearborn National and Dearborn National Casualty, succeeding M. Robert Olp. Mr. Broderick has heretofore held the office of chairman of the two companies and henceforth will serve as chairman and president.

Mr. Olp has become associated with the Detroit offices of Marsh & McLennan.

Home Office  
Near the Falls of Minnehaha  
On the Mississippi River



## ANCHOR CASUALTY COMPANY

SAINT PAUL  
MINNESOTA

### U. S. F. & G. Premiums 16% Higher During Half Year

A 15.89 percent increase in premiums written during the first six months of this year over the same period of last year was recorded by United States Fidelity & Guaranty. The premiums for the first half of this year were \$20,774,000. There was a statutory underwriting profit of \$1,361,000 compared with \$382,000 for the six months of 1941. The incurred loss ratio was 45.3 percent as compared with 48.1 percent last year and the expense ratio was 41.8 percent as compared with 43.9 percent. Premium reserve was higher by \$2,623,000 than at Dec. 31 and amounted to \$20,178,000.

Assets were \$73,391,000, which was a big increase from the \$68,787,000 at Dec. 31. Capital is \$2,000,000 and net surplus \$18,531,000 or about \$130,000 higher than at Dec. 31.

### Central Surety Returns

Central Surety in its semi-annual statement shows assets \$10,000,727, gain \$402,427; cash and bonds \$8,274,723, increase \$611,981; claim reserves \$3,254,567, increase \$33,771; premium reserve \$2,581,511, increase \$222,600; capital \$1,000,000, net surplus \$2,452,890, gain \$82,976; net premiums \$3,565,518, gain \$637,586 over the first six months of last year. The increase in surplus item excludes the dividend of \$60,000 paid stockholders.

### Dividend on Cincinnati Company

Superintendent Lloyd of Ohio has announced the payment of \$41,161 in liquidating dividends to policyholders and other claimants of American Underwriters Mutual Casualty of Cincinnati, representing a 50 percent dividend on all allowed claims. American Underwriters Mutual, formerly known as Community Mutual Casualty, has been under liquidation by the Ohio department since March 13, 1941.

### Associated Companies Report

Total net premiums written by Associated Indemnity and Associated Fire & Marine the first six months were \$3,422,882, a gain of 33.7 percent over last year. Associated Insurance Fund, the holding corporation, reported net income of \$143,028 compared with \$78,759 last year. This included \$82,719 from underwriting and \$60,309 from investments and miscellaneous sources.

### Attack Wash. Responsibility Law

SEATTLE—The constitutionality of Washington's financial responsibility law

is under fire. Kenneth J. Lee, an engineer employed by the King County Hospital at Seattle, has secured an order from Superior Judge Wright compelling Thomas Swayze, state license director, to show cause why Lee's driver's license should not be reinstated.

The litigation grew out of an automobile accident in which Lee's wife was involved. He was not with her at the time. Two judgments totaling \$500 were secured against Mrs. Lee. When these remained unsatisfied beyond the 30-day period prescribed by the Washington law, and evidence of financial responsibility in the amount of \$5,000 was not filed, Director Swayze suspended Lee's license.

It is contended that in view of the fact that Lee was not present at the time of the accident, he cannot be penalized by suspension of his driver's license.

### Discuss Cost-Plus Contracts

LOS ANGELES—Problems growing out of fixed fee, cost plus government contracts, particularly in connection with workmen's compensation insurance, occupied most of the session of the Casualty Insurance Association of Southern California.

The plate glass situation in Long Beach and other coast cities and towns in the vicinity of coast artillery batteries also came up for some discussion, due to the fact that the concussion from the big guns, when fired in target practice, causes breakages of glass unless proper precautions are taken. Like the other topics, the matter was left wholly to the individual companies for a decision as to what they would do.

### Lebby Leads Two Companies

LOS ANGELES—W. E. Lebby, state manager of Massachusetts Indemnity and general agent of the accident and health department of General Accident, again led all the agencies of both companies for July and the first seven months. The agency has led all Massachusetts Indemnity agencies for 29 consecutive months, a new record for that company.

### Start Payroll Audit Course

The Insurance Society of New York will shortly establish a payroll audit course, starting in September and continuing until May, 1943.

## A&H PREMIUMS

are up. Subscribe to The Accident & Health Review and get your share. Only \$2 a year, 175 W. Jackson Blvd., Chicago.

### FINANCIAL STATEMENT AS OF DECEMBER 31, 1941

ASSETS		LIABILITIES	
Stocks and Bonds.....	\$2,345,238.38	Reserves for:	
Bonds .....	\$1,693,881.38	Claims .....	\$1,012,137.02
Stocks .....	651,357.00	Unearned	
F. H. A. Mortgages.....	129,661.21	Premiums ....	933,016.25
Cash in Banks and Office.....	297,695.08	Commissions ....	74,901.50
Premiums in Course of Collection		Tax Reserve ....	85,000.00
(Not over 90 days).....	357,422.48	Other Liabilities	38,943.21
Accrued Interest on Bonds.....	15,958.68		\$2,143,997.98
<b>TOTAL ADMITTED ASSETS..</b>	<b>\$3,145,975.83</b>	Contingent	
		Reserve .....	\$ 151,977.85
		Capital .....	400,000.00
		Surplus .....	450,000.00
		Surplus to Policyholders.....	1,001,977.85
		<b>TOTAL .....</b>	<b>\$3,145,975.83</b>

Securities at Market Values





## Reveal Proposed New Setup of Agents Body

(CONTINUED FROM PAGE 1)

the chairman of the executive committee.

The duties of the executive committee under the proposed constitution are described as having general supervision and management of the affairs of the National association during the periods between meetings of the members and between meetings of the board. It is provided that the executive committee shall submit to each meeting of the board, for review, certified copies of the minutes of all its meetings held subsequent to the last meeting of the board.

It is proposed that upon the adoption of the revised constitution and pending selection of members of the board of directors by the several state associations, the board shall consist of the present certified national councillors and shall immediately assume its obligations and responsibilities. The board will thereafter meet at the time and place fixed for the annual meeting, or any other meeting of the National association, and at such other times as may be called by the executive committee. It is provided that the executive committee shall call a meeting of the board upon the petition of 15 members thereof.

### Election By Ballot

The proposed new constitution provides for the election by ballot of the president and vice president of the National association and the chairman and vice chairman of the board. It provides that the secretary and treasurer (which positions may be combined in one office) shall be appointed by the executive committee.

It is also provided that the president and vice president, chairman and vice chairman, shall be members of all committees ex officio, and that the president and vice president shall be members of the board ex officio.

Under the objectives of the National association as set forth in the proposed revised constitution the time-honored determination "to support right principles and oppose bad practices in the transaction of the business of insurance" is placed first. It is stated also that it is the object of the National association to encourage and promote understanding and cooperation amongst insurance agents and between them and companies, brokers and appropriate insurance organizations.

The objects set forth include the promotion of good public relations, which shall include relations between all branches of the business and with the public.

It is stated that the National association is opposed to unfair competition; that it aims to provide insurance agents, their employes and others with practical, coordinated plans of insurance education; that it will support and cooperate with the insurance departments of the several states.

It is further stated that it is the object of the National association to promote and support individual initiative and free enterprise as embraced in the capital structure of business and support those insurance companies which are loyal to the objects and purposes of the association and the American agency system. That system is defined to be the production of insurance premiums and the servicing of insurance contracts by insurance agents operating solely on a commission basis on their own account as independent contractors, who maintain their own offices separate and apart from any production office maintained by an insurance company.

Other provisions in the proposed new constitution outline the requirements for membership; describe the duties of the officers; authorize the issuance of the "American Agency Bulletin"; provide

for and outline the duties of a finance committee; provide for constitutional amendment procedure, etc.

### KANSAS CITY PROPOSAL

KANSAS CITY—Harry M. Gambrel, vice president of the Insurance Agents Association of Kansas City, has written Walter H. Bennett, general counsel of the National association asking that he take up with the executive committee the question of a constitutional amendment changing the unit in the National association from state to local associations. Mr. Gambrel on behalf of the Kansas City group also asked that this subject be added to the agenda of the National association convention in Chicago Sept. 21-24. Many of those in the Kansas City association feel that the time is ripe for such a change.

### Ia. Mutuals Cut Minn. Rates

MINNEAPOLIS — Employers Mutual Casualty of Des Moines has made a slight reduction in rates on Class A pleasure cars in country territory of Minnesota. There has been no change in the Twin Cities rates. Favorable Minnesota experience is the reason given.

Iowa Mutual Liability recently made a reduction in Minnesota rates.

## Name H. C. Michael Agency Head of Maryland Casualty

BALTIMORE—Harry C. Michael has been elected a vice-president of Maryland Casualty. He was advanced from the position of assistant to the president and assistant vice-president. He will have charge of the agency division.

Mr. Michael, who started as a clerk with the company 35 years ago, is widely known among insurance men. He spent five years in the bonding department and another two years in general field work, before taking the post of secretary-treasurer of Maryland Assurance, a subsidiary of the Maryland Casualty, in 1918. He returned in 1920 to the parent company as assistant auditor. In 1934 he became assistant agency director, and was named an assistant vice-president in 1939. Recently he took on the added duties of assistant to the president.

### Morgan Chief Engineer

SAN FRANCISCO—Frank Morgan is appointed chief safety engineer of Associated Indemnity, a newly created

position in its program of coordinating engineering facilities throughout the country. He started in 1939 with the company in Texas. He has been assigned to special jobs of unusual problems and hazards. His headquarters are at the home office in San Francisco.

Charles P. Bennett, prominent in the insurance business in Colorado Springs for 51 years, and founder of the Bennett-Shellenberger agency, died at his home Sunday, following a long illness. Mr. Bennett was 91 years old last January and was active in the insurance and real estate business until he became confined to his bed six years ago. He had served as president of both the Colorado Springs and the state insurance and real estate organizations, the Chamber of Commerce, city council, zoning board, and many other civic groups.

Mr. Bennett moved to Colorado Springs in 1890, and soon afterwards entered the insurance and real estate business, in which he had, since been engaged. He was born in Philadelphia. He was educated at the University of Pennsylvania, Colby academy, and graduated from Brown university and the Newton Theological seminary, after which he became pastor of the Baptist churches in Shapleigh and Limerick, Me.

## "Finest business-getter in my office"



Surveys create sales! Agents and brokers who use the Standard "Insurance Analysis" call it one of the most effective business-getters of this war-time period.

The Standard forms include questionnaires covering personal and commercial risks, a set of analysis and recommendation forms and proper receipts for policies. Analysis forms fit into an

attractive fabrikoid binder for presentation to the client.

The Standard Accident "Insurance Analysis" is the result of a nation-wide study of the use and operation of survey selling. When you represent Standard of Detroit, this important "salesman" is ready to go to work for you in obtaining more casualty and bonding coverage.

## STANDARD ACCIDENT INSURANCE COMPANY

Standard Service Satisfies . . . Since 1884

## Operations Create Bonding Needs

(CONTINUED FROM PAGE 13)

A standard form of surety bond is prescribed.

It is felt that the penalty of the bond should be in an amount at least equal to the anticipated premiums for a two month period in order to avoid the possibility of the bonds being forfeited. The bond is in the nature of a direct financial guaranty and it is likely that the surety companies will be very careful in their underwriting. They will probably want to know the name of the marine carrier and the marine broker with which the importer has been doing business. They will want to know the volume of import business that has been transacted by the importer and will want a detailed financial statement. If the importer is engaged in a single line of business that might be destroyed by a war time situation, then the surety might be unwilling to take the risk.

The marine insurance companies which are to act as underwriting agents for the War Shipping Administration are to make their reports on the 25th of each month. It will be necessary for the sureties to get in touch with the underwriting agent at that time to ascertain whether the premium has been paid. If not or there is any trouble the surety will probably give the 15 day notice of cancellation that is provided in the bond.

Surety companies that are affiliated with marine writing offices may decide to limit the issuance of such bonds to importers that are regular customers of their affiliated marine departments.

## Participation in Pool Allocated

(CONTINUED FROM PAGE 13)

companies will issue identically worded policies, and selling will begin Aug. 10.

The working of the pool is notable for its simplicity, and the protection it gives to both the cooperating companies and the insuring public. Each company prints its own policies and sells them by its usual methods, offering them to all civilians who desire such protection, regardless of age, occupation, race or physical condition.

The policy pays \$5,000 for death or the loss of two members, \$2,500 for the loss of one member, pays hospital, medical, surgical and nursing expense up to \$500. The annual premium is only \$5. Out of each \$5 annual premium collected, \$3 is put by the issuing company into a common reinsurance fund deposited in the Harris Trust & Savings Bank, Chicago. This fund will be used only to reimburse the companies for claims paid. The fund may be drawn upon for no other purpose so long as the war lasts, thus gradually accumulating a large reserve fund to meet any catastrophe that may befall.

### Large, Small Companies Cooperate

The pool is so arranged that small and large companies are cooperating, each company reinsuring each other company in the pool, to the extent of its participation. The pool is divided into 1,000 units. A small company with limited assets and business has only one or two units, so that it is taking a risk of only \$5 or \$10 on each policy issued. The largest company is permitted to take only 50 units, thus limiting its liability to \$250 on any one policy.

Policyholders are fully protected, because each company agrees to make up its share of excess losses, in proportion to its units of participation, if losses should exceed the amount paid into the common reinsurance fund.

C. B. Brussels, who has been with the Houston, Tex., claim office of the Employers group, has been transferred to San Antonio.

## Bar Association Insurance Program Is Announced

(CONTINUED FROM PAGE 13)

Wetterlund, Washington National; discussion by Grover C. Thompson, Lexington, Ky.

Workmen's compensation: Effects of war hazards on compensation cases, F. A. Betts, Los Angeles; discussion, L. J. Carey, Michigan Mutual Liability; administration of workmen's compensation laws, J. Dewey Dorsett, manager casualty department, Association of Casualty & Surety Executives; discussion, Edward J. Boleman, Indianapolis.

### Effect of War on Contract Bonds

Fidelity and surety: Government contract bonds as affected by the war, Alexander Foster, Jr., New York City; subrogation, W. A. Mansfield, Detroit, and discussion, Maynard Garrison, Los Angeles.

Marine: Marine war risk insurance and its effects, Henry H. Reed, North America, and some aspects of marine insurance, R. W. Chamberlain, New York.

Aviation: Report on legislation relating to aviation insurance prepared by E. C. Sweeney; discussion by O. L. Ryan of the Civil Aeronautic Authority.

Casualty: Liability for negligence from statutory violations, F. W. Davies, Birmingham; joint tortfeasors, W. G. Pickrel, Dayton, O., and department store defendants in negligence cases, Henry S. Moser, Chicago.

Insurance law practice and procedure: Methods of handling suits against persons in the military or naval service, J. A. Gooch, Fort Worth.

Claude Hamilton, Jr., of the Reconstruction Finance Corporation will discuss the "Federal War Damage Act" at the final general session Aug. 26. Mr. Hamilton will be introduced by Chase Smith, general counsel of National Retailers Mutual, Chicago.

### Auto Deaths Again Lower

After taking a spurt for the week ended July 18, the motor vehicle fatalities for the week ended July 25, according to the Bureau of the Census report, again took a downward turn. For the latter week the number of deaths was 9.9 percent below that for the corresponding week of 1941. For the first 29 weeks of the year, the traffic fatalities as reported by the Bureau of the Census were 8.4 percent below those for the same period of last year.

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## Insurers Aid Open Cargo Program

(CONTINUED FROM PAGE 2)

market rate. Some shippers may want to buy insurance that will cover profits and "charges" that exceed the maximum allowable of 10 percent.

Another factor that may induce some importers to continue to deal with private marine underwriters is the fact that the shipper must maintain a collateral deposit with or furnish a surety bond to the WSA to guarantee payment of premiums under the open cargo policy. This requirement might be distasteful particularly to a small importer even though the difference in rate between the WSA and marine underwriters is substantial. Then, too, the provisions surrounding the deposit, are such that the importer might feel that he would be running the risk of having it drawn down by the WSA and his insurance voided because of inadvertently failing to comply with all the requirements. Moreover, many shippers prefer to have their regular marine insurance and war risks cover with the same carrier. The marine underwriters and WSA are entering into a missing vessels agreement in an effort to prevent the assured from being the victim of a difference between insurers as to the cause of the loss, but even when that agreement is perfected some shippers may feel that there would be danger of delay in receiving settlement with coverage split.

Brokers will feel obliged to inform their clients of the new WSA arrangements and to offer to arrange cancellation of present open policies with the marine underwriters, but the brokers will at least point out some of the possible disadvantages of the WSA scheme and let the client decide whether those considerations balance the difference in cost. At first blush the WSA scheme might seem to spell the end of private insurance on imports, but some observers believe that the private market may retain some of the business. There is the possibility, however, that what is left for the marine underwriters may be so little as to preclude giving a spread and make the private market unrepresentative.

### Requirements Are Strict

On a specific risk basis, insuring with the WSA has been difficult and has caused much detail for broker and shipper. The requirements are strict and no credit is extended. The certified check for the premium must be delivered to an office of the Maritime Commission by the afternoon of the second day following acceptance of the risk by WSA and usually the application is wired to Washington.

All policies will be issued by underwriting agents and will be subject to the standard war risk import open cargo policy form of the WSA, which is referred to as the "war ship open cargo" form.

Applications must be filed in accordance with a specified form with an underwriting agent and applicants must maintain with the WSA either a collateral deposit fund or a surety bond. If an assured fails to pay all premiums due, the WSA reserves the right to cancel the policy and deduct the amounts due from the deposit fund. No deposit will be accepted that amounts to less than \$1,000. The amount of the deposit must always exceed the unpaid premium due with respect to any and all risks. Within 30 days of the issuance of each open policy the assured must file in duplicate with the underwriting agent a list of all anticipated imports coming within the scope of the policy. Thereafter the assured must report not less than once monthly all further commitments.

Not later than the 25th of each month the assured must report to the underwriting agent all shipments and pay a premium in accordance with the terms of the form. All closing reports must be accompanied by a certified check. No

return premiums will be payable to the assured except in case of error in application of rate or computation of premium or in the event goods are not shipped or short shipped. All claims for losses shall be filed by the assured with the underwriting agent and the claims must be supported by customary documents required in connection with war risk insurance claims together with affidavits.

The War Shipping Administration is furnishing certain forms including application, provisional report of shipments, affidavits to be attached to closing reports, standard form of letter for transmittal of collateral deposit fund, application for return premium, application for appointment of under-

writing agent, certificate for designation of underwriting agent.

The underwriting agent must keep a complete record of policies, premium, collateral deposit fund or surety bond and these must be available to the administrator at all times. Monthly closing reports are to be accepted by the agent for transmission to a clearing organization.

### Advisory Underwriting Committee

The underwriting agent will maintain through the American Institute of Marine Underwriters an advisory underwriting committee to deal with specific underwriting problems. The policies are to be provided covering imports to the continental United States excluding Alaska, from foreign ports and from territories and possessions of the United States, including Alaska.

The assured at the time of making application, may select one of two al-

ternative bases of valuation. The first is invoice cost, plus transportation and insurance charges actually incurred with respect to the insured shipment, plus such percentage thereof as may be specified in the policy but not exceeding 10 percent. The second basis is a value per unit to be specified in the policy. However, regardless of which option is selected, the assured shall recover only his actual out of pocket loss and in the policy the assured is required to file an affidavit to the effect that the amount claimed does not exceed the actual bona fide pecuniary loss, exclusive of any allowance for anticipated or accrued profits arising out of the insured's venture.

In the event that the assured has no shipments to report during any given month, the standard form of closing report must none the less be filed with a notation that it is certified that no shipments coming within the scope of the



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policy arrived at port of destination in continental United States during the preceding month and that during the month no knowledge has come to the assured of shipments attaching under the terms of the policy which will not arrive by reason of loss, frustration or other similar cause.

#### No Special Policy

No special policy of insurance will be issued with respect to shipments covered under open policies.

There is a provision in the underwriting agent agreement that the expenditures shall not include any fee or other consideration paid to an insurance broker or other person acting in a similar intermediary capacity.

The provision as to responsibility of the underwriting agent is similar to that which is found in the agreement of the fiduciary agents with the War Damage Corporation. The underwriting agent agrees to conform to a standard of performance and accuracy reasonably to be expected of an insurance company and consistent with the highest degree of good faith. It is agreed, however, that, as the underwriting agent is acting without expectation of profit, it shall not be responsible for errors or omissions of agents and employees in whose selection and supervision it has exercised reasonable care (other than willful misconduct on the part of the principal officers of the underwriting agent) excepting that the underwriting agent assumes full and complete responsibility for the disposition of any funds received by it or by its employees or agents.

#### Competition Not Barred

Unlike the provision in the War Damage Corporation fiduciary agent agreement which prohibits a fiduciary agent from writing war damage insurance on its own account, the War Shipping Administration underwriting agent agreement provides that the underwriting agent may continue to write war risk insurance on hulls and cargoes for its own account.

In the event that the underwriting agent should be compelled to pay to any state, territory or possession of the United States or political subdivision any tax or fee or interest or penalty relating thereto claimed to be due by reason of the business transacted pursuant to this agreement and which would not have been payable except for the operation of the underwriting agent thereunder, the underwriting agent shall be reimbursed by the administrator. If the administrator shall reject any claim and if legal proceedings are instituted against the underwriting agent or if the underwriting agent shall be obligated to defend any legal suit or proceeding the administrator shall defend such proceeding and reimburse the underwriting agent for any amount that it shall be called upon to pay.

Underwriting agents are to transmit to the advisory cargo war risk under-

writing committee of the American Institute of Marine Underwriters all problems of special nature relating to policies issued by them where such problems cannot be met by the strict application of the bulletins of the WSA and where they deem such problems worthy of special consideration. Such problems together with the recommendations are to be submitted to the director of war time insurance if the committee feels that any action should be taken by the War Shipping Administration.

The policy may be canceled at any time upon 15 days written or telegraphic notice to or by the assured or 15 days subsequent to the publication of a notice of cancellation in the Federal Register, provided that no such cancellation shall terminate the policy with respect to any shipments which have become a risk under the terms of the policy prior to the effective date of such notice.

The American Institute of Marine Insurance has produced forms for cancelling open policies of member companies to importers where the War Shipping Administration is taking on the risk under the new setup. There is one form where cancellation is in full. It reads:

"It is understood and agreed that this policy is canceled as to all shipments under ocean bills of lading dated on or after . . . Where no ocean bills of lading are issued this cancellation shall apply to all shipments made under equivalent shipping documents dated on or after said date and if no ocean bill of lading or equivalent documents are issued, or the same are undated, this cancellation shall apply to all shipments laden on overseas vessels on or after said date. The foregoing shall apply notwithstanding any forward binders or other special agreements."

Where cancellation is in part, the opening statement of the form is:

"It is understood and agreed that all imports to continental United States (excepting Alaska) shipped under ocean bills of lading dated on or after . . . are excluded from this policy."

Where the assured wishes to continue part of the imports under the insurance company's policy, cancellation notice will have to be specially drawn to meet each case but the insurance company's policy should only cover specified policies and/or specified voyages.

#### Ohio Field Club Meets

COLUMBUS—Les Long, manager of the Retail Credit Company, spoke on "War Time Inspection Problems" at the August meeting of the Casualty & Surety Field Club of Ohio. The next meeting will be held Sept. 14. Committees were named for the coming season.

#### Test on Minn. Premium Tax

ST. PAUL—Involving the question of whether the state premium tax is a

current or prospective tax, the state has started action against Casualty Mutual to compel payment of premium tax for the last year the company operated in Minnesota. The company contends the tax is a prospective one and that it had paid its obligation before withdrawing from the state several years ago.

#### Amusement on Third Avenue

NEW YORK—Howard Caldwell, an assistant treasurer of Bankers Trust Co., was placed under arrest, charged with poking his umbrella through a number of plate glass windows along Third avenue, one night recently. This method of amusement cost plate glass writing companies around \$700 for replacements, and the expectation is they will seek to have the accused foot the bill.

#### Minn. Industrial Accidents Up

ST. PAUL—Industrial accidents in Minnesota this year are running about 4,000 in excess of the previous high year, 1932, when there were 51,000 industrial accidents, according to N. H. Debel of the state industrial commission, chairman of the Minnesota compensation board. He attributes the sharp increase to the material gain in employment and to the fact that many war workers are handling machines not familiar to them.

#### Deans Renamed in Virginia

Parke P. Deans has been reappointed a member of the Virginia Industrial Commission for a term of six years. He will be soon complete 20 years of service on the body. He is a past president of the International Association of Industrial Boards and Commissions.

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## IN U. S. WAR SERVICE

William J. Van Beynum recently completed three months of officers candidate training at Camp Berkeley, Tex., and has been commissioned a second lieutenant medical administrative officer, assigned to Camp Pickett, Va. Robert H. Van Beynum left this week for officer candidate school in the army air forces at Miami Beach.

William J. is a graduate of the University of Connecticut and Robert H. of Rollins College. William J., who had been a casualty counterman in New York, Boston, and Worcester offices of Travelers, has been in the army since February, 1941, starting as a private at Camp Edwards, Mass. Robert H., who was a member of the reportorial staff of THE NATIONAL UNDERWRITER in Chicago and New York, has been in service since July, 1941, starting as a private at Mitchell Field, L. I. Their father, C. W. Van Beynum, is advertising manager of Travelers.

S. Gordon Nelson, special agent of Corroon & Reynolds in northern California, was honored at a luncheon of executives of the San Francisco office on the eve of his entry into the army. J. P. Breeden, Pacific Coast manager; Jack Christ, assistant manager, and George Morton, agency superintendent, were hosts.

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It is a tradition with the Pennsylvania Casualty Company to give attention to the seemingly unimportant things. Unusual requests or questions from agents and policyholders alike are answered in the true spirit of service.

This desire to serve better has been largely responsible for the steady progress made during the past 23 years.

The increasing patronage of thousands of agents certainly reflects the merit of the Pennsylvania Casualty Company.

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With luxuries increasingly difficult to obtain, insure your clients against loss of income through accidents, so that they may be able to buy when supplies are available again.

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## Much Confusion in Texas Conditions

(CONTINUED FROM PAGE 1)

on dwellings and apartments. The reductions are shown below.

The tremendous clerical work involved will, in some instances, almost paralyze facilities of local offices, which have been snowed under with war damage insurance applications. A new endorsement form has been printed by the Texas forms department which will enable local agents to send out a short rate endorsement for existing policies. This was done to prevent wholesale short rate cancellation by assured.

The new endorsement provides for calculating the return premium from Aug. 1 to expiration date of policy on the short rate basis and figuring the earned premium from Aug. 1 to expiration date on a pro rata basis, using the new rates. The new pro rata premium is to be subtracted from the short rate unearned premium, to obtain the amount of the return premium due assured. The expiration dates of existing policies cannot be moved up by endorsement to absorb the return premium due assured. This means the return of thousands of dollars in unearned premiums, including unearned commissions, which in many cases have already been spent by the local agent.

The new endorsement will to a large extent prevent the short rate cancellation of existing policies and the rewriting for a long term, perhaps in another company, and will also minimize the raiding of one agent's business by another. It will also leave the expiration date as originally written and avoid the dating of all fire policies in Texas in one month, August.

The Texas Association of Insurance Agents and Gulf of Dallas are urging the board to adopt a special rule to permit the local agents to extend the terms of policies affected for a time which would use up the indicated refund. This would relieve the drain on the finances of the agents at the present time, it is argued.

### No Ruling Promulgated

The board has been urged by numerous telegrams from the local agents to authorize this rule but though the matter was under consideration all day Tuesday no ruling had been agreed upon by the board. Agents are being urged to try to place other lines or to increase the coverage when the policies are rewritten so that refunds will not be necessary.

Commissioner Hall said that for several years he has kept each rate reduction to 10 percent in order not to hurt the local agents' business through short rate cancellation, but the loss ratio has dropped so rapidly the rates had gotten completely out of line with the experience table, so he had to make a drastic cut in order to get the rates at the proper level.

He said he has left a margin that he believes will be absorbed by the broadened coverage which has been recommended by the Texas Association of Insurance Agents, including rental value and unexpired premium endorsements without additional premium, thus giving assured more for their money while increasing the loss ratio. He has approved this broadening of coverage, but amendments to the general basis schedule to cover it have not yet been prepared. It is estimated that the broadened forms will take care of from seven to 10 percent of the difference between experience tables for the last five years and the Aug. 1 reduced rates.

Commissioner Hall credits the statewide fire prevention program with the decreasing loss ratio. While most of Texas has shown a greatly reduced fire loss ratio, Dallas, the insurance center, had a loss of more than \$1,000,000 for the first six months of 1942 as compared with a loss of a little more than \$300,000 for the same period in 1941.

A reduction in rates is accomplished by an increase in credits. In a few minor

cases these credits were decreased, accomplishing an increase in rates. A comparison of new and old rate credits, where changes have been made, is given herewith:

Apartment houses formerly were given no credit in the rate, now get a 25 percent credit for brick protected and unprotected and for frame protected, and 20 percent for frame unprotected. On churches, credit for brick protected was 50, is now 60 percent; for frame protected there is a decrease in the credit from 35 to 20 percent.

On dwellings, private garages, private barns and tourist camps, excluding farm property, for brick protected and unprotected and frame protected the credit was increased from 15 to 40 percent; and for frame unprotected, from 15 to 35 percent.

On fireproof and semi-fireproof risks, all classes except builders risks, the credit for buildings is up from 15 to 35 percent.

### Foundries, Etc., Get 25 Percent

On foundries, machine shops and metal workers, all classes except fireproof and/or sprinklered, there was no credit but there is now one of 25 percent.

For wholesale groceries the credit is less. On brick protected buildings it was 20 percent, is 15; on brick unprotected and frame protected and unprotected it was 20 is now 10.

For hospitals, infirmaries, almshouses, and nurses homes, the brick protected and unprotected credit increases from 45 percent to 60; for frame protected, 45 to 50.

On hotels, the brick protected credit is 40, was 30.

On laundries and dry cleaning plants the credit for brick protected was 60 percent, is 45 percent, a decrease, but on brick unprotected and frame unprotected it was nothing and is now 30.

Credit for mercantile risks for buildings brick protected was 15 percent, is 25; for brick unprotected was 20, is 30.

### Pier and Wharf Changes

On piers and wharfs, except fireproof or sprinklered, the credit was 10 percent, is 35.

For schools, colleges and universities, brick protected, the credit was 30, is 50; on frame protected, it was 15, is 35 percent, and on brick unprotected where there was formerly no credit there is now a 25 percent penalty.

On sprinklered risks, buildings of all classes, the credit was 15 percent, is now 30.

Woodworking risks, brick protected, had a 30 percent credit, now have 15. On frame protected the penalty was 20 percent, is now 40; for frame unprotected the penalty was formerly 30, is now 50 percent.

On public buildings, fire-proof or sprinklered the credit is the same at 35 percent; for brick protected it was 35, is now 50; and for brick unprotected and frame unprotected it was nothing, is now 15.

Builders' risk rates were lowered substantially. On brick, stone, concrete, hollow tile and cement, the basis rate was 80 cents, is now 50 cents and on the frame class, it was 90 cents and is now 60 cents.

### Some Classes Remain the Same

A few classifications remain the same: Electric light plants, cotton seed oil mills, creosoting works, flour and cereal mills, hay warehouses, ice factories, bottling works, breweries, and cheese, ice cream, milk, creamery and cold storage plants, and meat packing houses.

Gulf sent this message to its agents, dated Aug. 3:

"Please note that all commission contracts effective prior to July 1, 1942, are now restored and agents should render July and all subsequent accounts on that basis. Contingent agreements where existing are also restored. The heavy rate reductions make it difficult

to maintain such liberal commissions, but we realize that right at this time, with automobile business declining, and other unfavorable factors, local agents are facing a problem so we have strained a point.

"In our letter of June 30, we expressed the thought that failure to conform to the board's ideas would cause many unpleasant things to happen, and we are now sorry to say the conditions which we feared have come to pass. Both companies and agents find themselves faced with a huge loss in income by reasons of reductions heavier than warranted which have been ordered by the board, not to mention the trouble and labor and maladjustments which will grow out of wholesale cancellation and rewriting of policies, or the making of thousands of refund endorsements on existing policies. It seems too bad that in the face of present conditions when we should all be concentrating on efforts to win the war, the insurance industry already short-handed must do a terrific amount of unnecessary work.

### Problems Are Delineated

"Each agent must now decide for himself what course he is going to follow. Canceling existing policies short rate and rewriting for a new term involves a good deal of labor and explanations to assured, but there is a powerful argument in favor of this course because the new premiums will offset the return premium and make it unnecessary for agents to pay back large sums in return commissions. Preparation of endorsements showing refunds for unexpired terms of policies will probably be less labor, but assured have a way of expecting all refunds to be paid in cash, and many agents will be hard put to provide the necessary cash outlay. Even though you later secure reimbursement for the net from your several companies, the agents' share of the transaction, consisting of return commissions, cannot be recovered.

"A better plan will be to extend the term of each policy a sufficient time to absorb the refund which would otherwise be due, and we submitted this question by telephone to the insurance department on Saturday and received considerable encouragement. We also enlisted the aid of Secretary Johnson of the Dallas Exchange and Secretary Foreman of the Texas association, and they are adding their arguments to ours. The board has promised to decide the question promptly and we do not think refund endorsements should be typed until it is learned whether the plan is approved. Of course, agents can go ahead with calculation of the net refund, as that calculation will have to be made in any event."

## WDC Business Still Continues

(CONTINUED FROM PAGE 3)

cies and name the mortgagee in the loss payable clause?"

The answer is that the WDC contract is an "interest policy" issuable under regulations which are designed to accommodate mortgagee interests. Nearly all mortgage agreements require the mortgagor to furnish adequate insurance against loss of mortgaged properties by "fire" without qualification as to the origin or immediate cause of such fire, but we may expect some mortgagors to decline to take out and pay for war damage insurance. Whether mortgagees have the right to compel mortgagors to pay for such insurance may depend upon the wording and intent of the mortgage agreement. In this connection the FHA standard form of mortgage is more inclusive in requiring "that the mortgagor will keep the improvements now existing or hereafter erected on the mortgaged premises insured as may be required from time to time by the mortgagee against loss by fire and other

hazards, casualties and contingencies in such amounts and for such periods as it may require." . . . in the final analysis it appears to be another problem arising from the war emergency which banks must negotiate and settle with borrowers to the best of their ability.

Two or three companies adopted the custom of sending the commissions to producers on every policy as soon as a check could be made out. This entails more time and labor. Some agents started to include their war damage commissions with their regular business and deducted in net sent to the companies.

### BIG VOLUME IN LOS ANGELES

LOS ANGELES — Approximately 175,000 WDC policies were issued by 15 fiduciaries in Los Angeles during July. The average premium per policy is estimated at about \$20.

Ten of the larger groups of companies do not have fiduciary agents in Los Angeles, and the applications are forwarded to San Francisco. Applications forwarded for which policies have been issued as of July 31, will bring the total number of southern California policies up to 250,000, it is believed.

It is understood that, while the first campaign is to be inaugurated by lending agencies to have mortgage borrowers purchase WDC policies in each and every instance, and not to have the lenders buy the policies just to protect their own interests.

### FAVORABLE REACTION FOUND

SAN FRANCISCO—The war damage insurance rush which has now subsided, did much to improve the position of the American agency system and to win confidence of the public for the local agent, according to a survey of several sections of the state by the California Association of Insurance Agents.

Those leaders called upon to report to the Association as to the reactions and results in their respective communities all brought out this point and stated further that additional standard fire insurance was obtained, frequently much of it without solicitation.

M. A. Reading of Santa Rosa said: "We think the greatest importance is the fact that the assured have been made aware of the importance of their local agents."

Willson Pierce, Jr., president of the Los Angeles Insurance Exchange, reported that approximately 90 percent of the mercantile and manufacturing establishments in that city obtained war damage insurance in the first few days. "I feel," he said, "that if any agent will honestly survey the results in his office he will find that the handling of this class of business has been of great benefit to him for the reason that it has given an opportunity for a survey of existing accounts upon his books."

F. R. Corbett of San Diego cited the cooperation received from buyers by going to the agents' offices for the service voluntarily. Mr. Corbett said that San Diego agents controlled the rush somewhat by advertising shortly after the first announcement as to war damage insurance was made, that they had no information or supplies as yet but would later inform the public when they would be ready to render the service.

"Most people seemed in one way or another to have become aware of the fact that we were not 'soliciting' war damage insurance and were not making a profit on the business, and many expressed themselves as being appreciative of our services."

William F. Knight, Jr., of Pasadena, reported: "One of the benefits has been an establishment of closer relations between the agent and his assureds. Many of these clients have come to the agent's office for the first time and they have come to request the agent to issue a policy for them. Personal contacts have been made with policyholders that the agent has only rarely or possibly never seen before. We have also learned that it is not a difficult feat to

collect a premium in advance, even from the fellow you have let 'stall you off' in the past. Additional coverages or increases in present contracts were obtained in a great many instances."

#### NEWARK CITY COVERAGE

NEWARK—The city commission has voted an emergency appropriation of \$20,000 with which to purchase war damage coverage on all city-owned property with the exception of schools. The total value will be approximately \$20,000,000.

#### NOT SUBJECT TO MD. TAX

BALTIMORE — Attorney-general Walsh of Maryland at the instance of Commissioner Gontrom has given an opinion that premiums collected for WDC insurance are not subject to the 3 percent Maryland tax. He stated, however, that the ruling is not to be interpreted as meaning that if the fiduciary agents receive as principal any part of the premiums paid for the writing of war damage insurance, such amounts would be exempt from the tax.

#### LARGE WAR U. & O. LINE

NEW ORLEANS—The New Orleans Public Belt Railroad Commission has taken out \$905,000 U. & O. war damage insurance on the Mississippi river bridge just above New Orleans. The entire line was written in Rhode Island at a rate of 70 cents, through Hughes Walmsley and Louisiana Insurance Agency, New Orleans. The business was divided between these agencies, they being the only bidders and quoting the same rate.

#### HARRINGTON IS "TOLD OFF"

WASHINGTON—The War Damage Corporation has taken a firm stand in dealing with Commissioner Harrington of Massachusetts who issued an executive order which among other things required every policy covering a Massachusetts risk to be countersigned by a licensed resident agent and that books and records of the fiduciary agent be available to the Massachusetts commissioner so as to enable him to determine the amount of insurance written and premium receipts. President W. L. Clayton of the WDC, in a letter to Mr. Harrington stated that his office has received many inquiries from fiduciary agents regarding the effect of the Massachusetts regulations upon the performance of their respective contracts with the WDC. He stated that the WDC has informed the fiduciary agents that the

WDC is a duly established agency of the federal government engaged in the performance of a governmental function and the executive order in Massachusetts and rules and regulations can in no way interfere with the performance of the duties undertaken pursuant to the fiduciary agent's agreement. The fiduciary agents have also been informed that since the Massachusetts order in no way affects the conduct of the business of the WDC, all policies issued within Massachusetts are considered binding contracts.

A position similar to that of Mr. Harrington was taken by the Tennessee and South Carolina commissioners and it is assumed that the War Damage Corporation will take the same position in dealing with those states as it has with Massachusetts.

#### Rates and Commissions on Plate Glass Lines for New York Revised

NEW YORK—Revision of plate glass insurance rates and commissions, undertaken by the National Bureau of Casualty & Surety Underwriters at the request of the New York department some months ago, has been completed and the result laid before the mutual companies for study. The law requires that experience tabulations be predicated on returns from both types of carriers. The department in calling for a review of plate glass results held the commission was too high and insisted upon a downward revision. The result, whatever it may be, will be applicable to New York state only.

#### Confession of Embezzler

According to District Attorney O. D. Babcock of Sacramento, he has a full and complete confession from E. C. Dietz, former special agent of Great American, of the embezzlement of thousands of dollars through filing false loss claims against the company.

W. G. Myers, formerly supervisor in the San Diego, Cal., district office of the J. H. Cowles agency of Provident Mutual Life, after an absence from the insurance field, has been appointed manager of the life and accident and health department of the Barney & Barney agency in San Diego.

#### Pearl Settles Montana Claim

HELENA, MONT. — Commissioner Holmes announces that Pearl offered a settlement of the state's claim against it through Attorney-general Gullickson who has been in New York. The check for the amount is in the hands of the Pearl's attorney at Helena and will be turned over to Commissioner Holmes at once. Mr. Holmes officially approved the settlement terms arranged between the attorney general and U. S. Manager Carlsson of Pearl. The state claimed approximately \$39,000 due as a refund after repeal of the Montana self-insurance act.

#### British Loan Is Reduced

WASHINGTON—One year after the RFC loaned Great Britain \$125,000,000 on collateral consisting of American securities which included capital stock and earnings of 41 British owned U. S. companies, \$38,928,795 has been repaid. Of that amount \$1,413,414 represents proceeds from sale of a small amount of collateral and the rest interest, dividends and other income. Of the total authorized, the RFC has disbursed \$390,000,000 to date.

#### Membership Sale Proceeds

Although the sale of memberships in the projected new Factory Association to operate on a national scale is reported to have been nearly completed, it is understood that the new organization will not be put into actual operation before Jan. 1, at least.

J. Robert Johnson, prominent Chicago broker who broadcasts weekly talks on insurance over a Chicago radio station, was married at Geneva, Ill., to Miss

Nita Lancelotti, Harold L. Bredberg, vice-president of National Service and Appraisal, was best man and Mrs. Bredberg was bridesmaid. Mr. Johnson has purchased Calamus Lodge, the estate near Elgin, Ill., of Joseph E. Callendar, retired Chicago manager of Ocean Accident. Mrs. Johnson has made a number of trips to Mexico, last year with Mrs. Bredberg, and has taken many of the

Mexican travel movies in color which Mr. Johnson exhibits as an avocation.

E. S. Inglis of New York City, vice-president Corroon & Reynolds, plans leaving on an agency trip to the Pacific Coast the latter part of the present week to be gone about a month. After stops at Portland, Seattle and San Francisco he will return to New York through the central west.

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# INSURANCE NEWS BY SECTIONS

## MIDDLE WESTERN STATES

### Kansas Convention Set for Oct. 7-9 in Wichita

WICHITA—Dates for the annual meeting of the Kansas Association of Insurance Agents were set for Oct. 7-9 at the Broadview Hotel, Wichita, by the executive committee at its mid summer session. The gathering opens with the annual golf tournament the afternoon of Oct. 7, with a smoker and "get-together" that evening. The convention proper opens Thursday morning, Oct. 8, and the banquet will be held that night. The sessions will conclude with the business meeting Friday morning. Field men and company representatives will be welcome as usual, according to President Victor G. Henry of Wichita.

Vice-president Edwin H. Nellis, Topeka, is in charge of the program, which will be of an educational nature and feature a number of panel discussions. A representative of the National Association will speak. War damage insurance will be fully covered. There will be a review of all new forms and rates adopted for both fire and casualty lines during the year. The Wichita Association of Insurance Agents, official host for the convention, will handle all other details and a score of committees will be on the job following its annual election later in the month.

Chairman Laurin W. Jones of Dodge City presided at the meeting of the executive committee. Alex Case, Marion, chairman of the rural agents committee of the National association, a past president and long a wheelhorse of the Kansas association, although not a member of the committee, was on hand. Secretary Wade Patton reported the association in very healthy condition with a substantial gain in membership, although no formal membership campaign had been conducted this year. The educational program is to be continued in cooperation with the educational committee of the Kansas Fire Underwriters Association and a new central committee was named to work with a similar committee of the field men which is headed by Carl Smith of Royal Exchange. Local schools are to be sponsored and encouraged in cooperation with the program of the National association, especially since the annual fire and casualty school of the Kansas association was called off this year due to the war and it is unlikely that a session will be held next summer. The Kansas City local board has already launched such a school and other local boards will be assisted in following suit.

### Start New Campaign for Qualification Act in Mo.

ST. LOUIS—The Missouri Association of Insurance Agents has launched a new drive for the passage of qualification law at the 1943 session of the legislature.

In a letter sent to the presidents of all local boards in Missouri, President Basil U. Sparlin announces the steps taken so far. A joint committee of agents and company men has been named to draft and coordinate the bill. The National Board will be represented by W. O. Woodsmall, chairman; W. B. Winchell and Godfrey Giersburg, all of Kansas City; Raymond W. Smith, Earl Crellin and Hy Ferry, St. Louis. Representing the Missouri association will be H. M. Gambrel, Kansas City, chairman; Elliott Marshall, St. Joseph. John J. O'Toole, St. Louis; George King, Columbia, and John Newberry, Jefferson City.

It is expected that these committees will no doubt be supplemented later by

committees representing the Casualty & Surety Underwriters Association and the Brokers Association of St. Louis and in all probability representatives of the Life Underwriters Association, as the proposed bill would affect practically every licensed agent and company doing business in the state, fraternal alone being excepted. Superintendent Schueffler is expected to collaborate to the fullest extent with these committees.

It is asked that meetings of all local boards be held immediately to prepare a draft of ideas as to what should and should not be incorporated in the bill, and mail them to Mr. Gambrel not later than Aug. 15.

### Reynolds' Resignation Cuts Minn. Line of Succession

MINNEAPOLIS—Harry E. Reynolds, Duluth, chairman of the executive committee of the Minnesota Association of Insurance Agents, and slated to be elected president at the annual meeting Aug. 13-14 at Virginia, has resigned and has also taken an indefinite leave of absence from the Dunning & Dunning agency at Duluth, on account of ill health. Mr. and Mrs. Reynolds are now on a trip which it is hoped will restore his health.

This will upset the usual procedure of elevating the chairman of the executive committee to the presidency and presages quite a shift in officers of the state association.

Reports received by Secretary Frank Preston indicate a good attendance at the Virginia meeting.

### Toledo Asks Better Classification

TOLEDO—The city of Toledo has asked the National Board to survey the city's protective services with a view to giving the city a better rating classification. It has had a fourth class rating for seven years. Since the last request for reclassification, the new \$9,800,000 lake water system, with its almost inexhaustible pumping supply, has been completed and put into operation; the fire department has been strengthened by the addition of personnel, engine houses and equipment and the police department has been increased and given additional training.

These changes, together with a three-year low record in fire losses, put the city in excellent position to request a change, according to George N. Schoonmaker, city manager. Fire loss was \$200,817 in 1939, \$258,704 in 1940 and \$459,575 in 1941, the best consecutive three-year record in the city's history. This compares with losses of \$1,500,075 in 1919 and \$1,074,000 in 1931.

### Special Meeting of K. C. Agents

KANSAS CITY, MO.—A special meeting of the Insurance Agents Association of Kansas City will be held Aug. 11. Among the subjects to be discussed is payment of dues by members in the armed services, on whose business commissions are being paid and whose business is being protected by the association.

Negotiations are under way for retirement of dormant memberships. Retirement by purchase of nine dormant Class 1 memberships has been approved by the executive committee.

### Peoria Prepares for Annual

A nominating committee to prepare a slate of new officers of the Peoria Association of Insurance Agents was named at a meeting Monday. L. L.

Hauser, of Mendenhall, Iliff Bros. & Hauser agency, was named chairman. The slate will be presented at the Aug. 17 meeting and election will be held the first Monday in September. The contemplated educational program for members and their office workers was discussed.

### Approve \$35,000 Liquidation Fee

The Missouri supreme court has awarded a fee of \$35,000 to James P. Aylward, George V. Aylward and Terence M. O'Brien of Kansas City for services in liquidating Manufacturing Lumbermen's Underwriters, Kansas City reciprocal. Former Superintendent O'Malley appointed the lawyers, who served as counsel Nov. 13, 1936, to Oct. 20, 1937. A trial court had awarded a fee of \$20,000, the lawyers had asked for \$45,000.

### With Great American 25 Years

C. J. Palmer of the Bennett & Palmer agency of Jackson, Mich., was presented with a silver pitcher at a ceremony marking 25 years representation of Great American. The presentation was by R. N. Menzies, state agent of Great American, through Mr. Palmer's granddaughter, Helen Gregory.

W. A. Young, field supervisor of Great American Indemnity, also attended.

### Insurance Men Auxiliary Fireman

Wichita insurance men who have completed the 40-hour auxiliary fireman course in the civilian defense training program include Allen R. Larkin of Van Arsdale & Larkin, Scott Gardner of Wheeler, Kelley & Hagny, B. J. Weldon of Dulaney, Johnston & Priest, Ross Little, T. A. Hiebert and M. W. Struble of the Hiebert agency, Merle Slease, E. B. Fergus and J. E. Mann of the Kansas Inspection Bureau.

### Complete Des Moines Fire Course

DES MOINES—There were 56 who completed the examinations on the 20-hour fire course given by the Des Moines Association of Insurance Agents.

The three discussion leaders, Fred Brake, Great American; L. A. White, Royal-Liverpool, and W. K. Hankinson, National Fire, were presented tie chains by the Des Moines local board.

### Ill. Losses \$5,772,441

Illinois fire losses outside the city of Chicago in the first six months of 1942 total \$5,772,441, according to Fire Marshal John H. Craig. The April loss was

\$1,888,999, with the largest single loss at Kewanee with damage of \$1,184,185. In January fires caused damage estimated at \$1,401,507. The June loss was \$657,747.

### Films Shown in Wichita

The Wichita Association of Insurance Agents had a showing of traffic safety films by the Wichita police department under the direction of Capt. Floyd Gun-salles. Pictures taken at the stag picnic by Hughes Cunningham of Sheffer-Cunningham also were shown.

### Cover Council Bluffs School

COUNCIL BLUFFS, IA.—The Council Bluffs school board has placed \$682,560 of insurance on school property and buildings which expired Aug. 1. One-fifth of the insurance expires each year.

### R. E. Jenkins with North America

R. E. Jenkins, who has been five years with the Fire Underwriters Inspection Bureau of Sioux Falls, S. D., has gone with the North America companies as engineer in the Detroit service office.

### NEWS BRIEFS

Arch L. Williams, Wichita attorney for several years, has joined the staff of Sheffer-Cunningham, Wichita adjusters.

W. H. Moore, head of the Central Kansas Adjustment Co. and former executive secretary of the National Association Independent Adjusters, has been named chairman of the Fire Prevention Week committee of the Wichita chamber of commerce. Harry K. Rogers, Western Actuarial Bureau, Chicago, will address a membership meeting of the chamber of commerce Oct. 7.

The Association of Insurance Women of Kansas City will hold a meeting Aug. 10 at which D. B. Barnett of National Surety will talk on "Forgery Bonds." A forum discussion will follow.

Miss J. A. Abbott, doing business as Salter & Abbott, Burlington, Ia., was presented a 25-year certificate of appreciation by North British & Mercantile, when W. R. Kirk, agency superintendent, and A. H. Notton, state agent, recently visited the agency.

S. W. McKean has succeeded E. W. Reynolds as secretary of the Herberich-Hall-Harter Agency, Akron, O.

Everett L. Wright has opened a new agency at Ryan, Ia.

O. G. Houck of Athens, O., has purchased the agency of Virgil E. Davis. He is a son of the late Capt. H. E. Houck of Gallipolis.

## IN THE SOUTHERN STATES

### Big Atlanta Department Store Line to Mutuals

ATLANTA—Rich, Inc., Atlanta's largest department store, has transferred all of its insurance to direct-writing mutuals. The agents are inclined to admit that it is somewhat their own fault. For years the business has been divided between more than 100 local agents, apparently with the idea that this wide distribution would result in good will to the store. Because the store made the decisions, no one in the insurance business was responsible for seeing that coverage was adequate, that all necessary risks were covered, that the best contract available was used. As one agent described the situation: "Nobody had enough interest in the account to really know what it was all about, or whether or not the account was being properly serviced or not."

The announced basis of the Rich decision was one of price. Because of the

necessity of examining every item of overhead resulting from price ceilings and other effects of a war economy on retail margins, the store initiated a study of its insurance which disclosed some serious failures in coverage. Following this it requested direct bids from both stock and mutual companies.

A committee of the Atlanta Association of Insurance Agents has been working on this matter for several weeks. The committee tried to explain to the store executives the important part local insurance organizations and their employees play in Atlanta business and how much they mean to the local business people, but without result. Liberty Mutual gets the casualty-surety lines.

In discussing the situation some agents have raised the question of whether or not rates of stock companies here are too high. Others point out the "obvious failure of the agents and companies having the Rich business to

render adequate service," and contend that a proper servicing of accounts would thoroughly justify existing rates.

### McCormack Deplores "Gap" in War Coverage

NASHVILLE—With Commissioner McCormack, special agents and local agents involved, the controversy over a possible "gap" between standard policy extended coverage and War Damage Corporation policies is unusually hot in Tennessee. The controversy reached a climax in west Tennessee at the meeting of the Gibson County Insurance Exchange at Trenton, with Mr. McCormack, a number of special agents from Nashville, and local agents present.

The discussion opened with an outline of war damage insurance by Leon McGilton, special agent of American. Mr. McGilton read the "exclusion clause" in the extended coverage endorsement and then the insuring clause in the war damage policy. Mr. McGilton expressed regret that the insuring clause did not simply make complete provision for covering the exclusion clause.

At this point, Mr. McCormack delivered a 45 minute address in which he deplored the fact that companies, insurance commissioners, the National, state and local associations of insurance agents did not make a more careful study of war damage insurance needs, thereby avoiding the "gap" which is said to exist between extended coverage of standard policies and the war damage policy.

Mr. McCormack made no reference to his ruling that war damage policies must be countersigned by a local agent in conformity with Tennessee law, but local agents recall his statement before the convention of the Tennessee Association of Insurance Agents in which he admitted that war damage insurance "is in conflict with insurance laws of Tennessee and other states," but promised that the "Tennessee department will go along with federal authorities" in the matter of such conflicts.

### Louisiana Association Has New National Councillor

NEW ORLEANS—W. Loring Ferguson, senior vice-president of Marshall J. Smith & Co., New Orleans, has been named national councillor by the executive committee of the Louisiana Association of Insurance Agents. He succeeds O. Wharton Brown, who resigned when he became chairman of the Louisiana Casualty & Surety Rating Commission. Mr. Ferguson, a strong and active association man, is the first New Orleans man to serve as national councillor. He is a past president of the New Orleans Insurance Exchange and before taking his new post was a member of the executive committee of the state association.

The executive committee also appointed E. J. Seymour, Monroe, acting vice-president, to carry on the duties of Vice-president Eugene Bingham, Baton Rouge, now serving as a captain in the army. Harold Boling, Lake Charles, a

member of the executive committee, also is in service. B. N. Sweeney, Rayne, and Jack Lamkin, Lake Charles, were named to fill vacancies on the committee.

### Issue as to Mortgagee's Right Arises in Texas

The constitutional right of an individual to place his fire insurance with any solvent company of his own choosing rather than submit to the placing of that insurance by the loan company having a mortgage on his property was upheld at least for the time being, by a decision of Federal Judge Thornton in Dallas, when the judge granted a temporary restraining order against Aubrey M. Costa of the firm of Love & Costa, which is a mortgage loan company having a recording insurance agency license.

D. D. Feldman of Dallas set up in his petition, seeking the injunction, that he had bought a piece of real estate and had financed part of the purchase price with a loan through Aubrey M. Costa, agent for the loan company and also agent for an insurance company, and that Costa was named trustee under a deed of trust, and that Costa had written an insurance policy in the company he represented. Feldman alleges that he tendered a policy written by a solvent company of his own choosing and that Costa refused to cancel the policy written by himself and to accept the policy presented by Feldman.

### Sue on Lloyds Tenn. Premium Tax

NASHVILLE, TENN.—A Shelby county court will decide in October whether the Tennessee insurance department can collect \$900 from E. L. Bruce Co., Memphis, for premium tax due from London Lloyds on a taxicab liability policy sold in Davidson county. The \$900 payment is sought out of an undetermined premium owed by the Memphis firm to Lloyds on a fire policy amounting to \$1,800,000, all or a greater part of which was paid to Bruce following a recent fire. It is claimed that no premium had been collected from Bruce because the underwriters had been unable to determine the rate. N. Henry Simpson, Little Rock, Ark., broker on the policy, who has been in a hospital following an operation, is expected to be brought to Nashville soon for a second hearing on the matter before Commissioner McCormack.

### Unite for Bond Drive

NASHVILLE, TENN.—With A. M. Burton, president of Life & Casualty, and C. A. Craig, chairman of National Life & Accident, as sponsors, the Nashville Insurance Exchange and Nashville Association of Life Underwriters will combine for a one-day "Victory Drive" Aug. 7 for installation of salary deduction plans for buying war bonds. About 300 are expected to participate, headed by Paul Turner, president of the exchange,

and R. S. Brown, president Life Underwriters Association.

### Hayes Acting La. Manager

Tom J. Hayes has been elected acting manager of the Louisiana Rating & Fire Prevention Bureau for the duration since William S. Bizzell is serving as a captain in the field artillery. Before departing for the army, the employees of the bureau gave a dinner for Mr. Bizzell and presented him a robe and portable radio. Maurice J. Hartson, Jr., on behalf of the New Orleans Insurance Exchange, presented Mr. Bizzell a wrist watch.

### Louisiana Regional Meetings

The Louisiana Association of Insurance Agents has inaugurated a series of regional meetings that will be held in October and November in the hope that the organization will reach farther into the rural territory. These meetings will serve to give agents within a radius of 50 miles or so from the meeting place the opportunity of getting closer to the organization.

### New Insurance Directory

The Insurance News Bureau, 1326 Seventh street, New Orleans, has issued the 1942 Louisiana-Mississippi Underwriters Handbook, it being a complete compendium of information insurance-wise in these states. It is one of the standard state directories. The price is \$6.

### Palfrey La. Fire Marshal

Campbell Palfrey, New Orleans printer, has been appointed Louisiana state fire marshal. He succeeds Fred C. Parker, Jr., Baton Rouge, who was serving temporarily as successor to the late C. P. Fournet.

### Ritgerod Opens Office

H. A. Ritgerod, the new manager of the Arkansas Association of Insurance Agents, has opened offices in the Hull building in Little Rock. He began his new duties Aug. 1.

### NEWS BRIEFS

The Richard Wray general agency, Austin, Tex., has moved its offices from the Tribune building to 403 Nash building in the same city.

A. R. Frantzen of the Brautigam & Frantzen agency, Fredericksburg, Tex., is in the hospital recovering from an operation.

Louis M. Eyerman, solicitor for the E. J. Miller & Son agency, Louisville, is a candidate for the Republican nomination for Congress.

John G. Hinds, adjuster in the San Diego office of the Aetna Life group, has left for Cambridge, Mass., to take a special course in the naval communications training school, and on completion will be commissioned in the navy.

## COAST

### Plans for Abbreviated Wash. Meeting Announced

SEATTLE—Plans for the abbreviated annual meeting of the Washington Association of Insurance Agents here Aug. 31, have been announced by President Frank N. Bellinger. Mr. Bellinger has appointed A. J. Peters of Issaquah chairman of the credentials committee and local boards have been requested to certify as delegates to the annual meeting members of the state association executive committee and local board presidents. Thus, it is anticipated, the limited group of delegates will be empowered to transact the business of the annual meeting as required by the by-laws.

Mr. Bellinger has appointed Austin Roberts of Walla Walla chairman of the nominations committee. Customarily the officers are advanced. This would mean that Charles P. Carroll of the J. E. McGovern-Carroll Co. would be president next year. He is now chairman of the executive committee and national councillor.

President Bellinger will present the report of the administration and reports will be given by Mr. Carroll as national councillor and W. A. Harmer, secretary-treasurer. These committee reports will be given: Legislative and governing, E. R. Bowden; fire prevention, O. L. Madison; educational, Louis LaBow; membership, Norman Walker; rural agents, A. J. Peters; accident prevention, Carl M. Ballard; finance, B. B. Hillen; contact, H. T. Anthony.

President Bellinger and Executive Secretary Irwin Mesher are on an agency trip through eastern Washington this week. They met with the Spokane Insurance Association at a luncheon Aug. 3 and the following day attended a noon meeting of the Walla Walla association.

### Require Cal. Producers to Keep Premiums Separate

SAN FRANCISCO—An ever increasing number of California local agents and brokers is being called before the insurance department for violations of the section of the insurance code which requires that all premiums must be carried in a fiduciary capacity. Department executives say that so far no real drastic action has been taken except where it is proved that actual shortages exist, but say also that if violations do not cease the department will be forced to adopt a much sterner policy.

That more drastic disciplinary measures have not been enforced is due largely to the fact that before the enactment of this part of the code, agents and brokers were in the habit of mingling premiums with personal funds in one or more accounts. Under this law a separate account must be maintained and

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commissions be withdrawn only as earned.

Commissioner Caminetti recently pointed out that diversion of premiums received really constitutes theft and a breach of trust. He has instructed his investigators and examiners to impress upon producers that the method as provided by the law is "merely good business practice" and to also stress the contention that the producer should know from day to day whether or not he is solvent, or operating at a loss or profit. Handling premium funds as outlined by the code, the commissioner further intimated, is of more importance these days when the future cannot be reliably foretold. He points to the last depression, when many producers were forced to liquidate.

### Oil Association Names Gray Assistant Coast Head

John R. Gray has been named assistant manager of the Pacific Coast department of the Oil Insurance Association, with headquarters in Los Angeles.

Mr. Gray has been with the Oil Association since 1939, most of that time in the California field. He is a graduate of the University of Chicago, and spent three years with General Electric Company, two years as an engineer with Western Sprinkled Risk Association, and 3½ years with the engineering department of Pearl.

### Clinic May Replace Convention

PORTLAND, ORE.—If tentative plans are finally completed, the Portland Association of Insurance Agents will sponsor a two-hour insurance clinic here Sept. 16, at which several of the company men originally slated to appear at the joint Oregon-Washington agents' convention will lecture on comprehensive liability, business interruption insurance, accident and health and bonds. It is planned to invite all insurance men to participate in the event. Dinner will precede the lectures.

The annual meeting of the Portland association will be held Aug. 19. Six trustees are to be elected to replace John H. Rankin, now president; C. C. Coffee, Ivan Clark, Tom Leonard, Russell Lawrence and Henry Freeman. New by-laws also will be considered.

### Pierce Los Angeles President

LOS ANGELES—The board of governors of the Insurance Exchange of Los Angeles has elected Willson Pierce, Jr., president for the remainder of the year, to succeed Robert J. White, resigned. Mr. Pierce has been serving as

acting president since Mr. White was granted a leave of absence.

Mr. White was reelected a director for the balance of the year. W. B. Glassick was continued as acting vice-president.

### F. C. A. B. Closes Eureka Unit

The office of the Fire Companies Adjustment Bureau at Eureka, Cal., has been closed. A. B. Upward, the manager, is now connected with the office at Portland, Ore. The closing was decided upon because of the reduction in automobile losses due to curtailed use of cars. The losses formerly handled from Eureka will be taken care of from the San Francisco office.

### Arbon Is Spokane Speaker

L. M. Arbon of the Jones & Mitchell agency spoke on mutual competition at a recent meeting of the Spokane (Wash.) Insurance Association. He cited several instances to illustrate the effectiveness of arguments against non-stock coverage in dealing with merchants and other business men. R. J. Martin reported for the committee that is considering a plan for the handling of public business by the association.

### R. H. Davis on Inactive List

Roy H. Davis, oldest employee of the Pacific department of the Firemen's group in point of service, has been placed on the inactive list. He started with Firemen's in 1907, traveled the entire Pacific Coast territory for about 15 years, then for 20 years in California, part of the time taking in the whole state and since 1925 in northern California.

He was guest of honor at a banquet Monday given by the office and organization. He expects to spend most of his time on his ranch in Santa Cruz county south of San Francisco.

### Brokers Legislative Candidates

Three members of the Insurance Brokers Exchange of San Francisco are candidates for the California legislature. They are Thomas A. Maloney, first elected to the legislature in 1924 and a regular member of the insurance committee; T. M. Gaffney, who has just completed one term, and G. P. Haggerty, who is making his first try in politics.

### Doubt About N. M. Meeting

Ray H. Kirk of Albuquerque, secretary of the New Mexico Association of Insurance Agents, states that convention plans are uncertain. The annual meeting was originally set for Silver City.

President Frank Martin of Albuquerque has gone into the service as has also past President Paul Rubincam. Transportation difficulties loom up rather large in the New Mexico sector.

### Mont. Auto Cover Awarded

The Montana state board of examiners has awarded the William R. Davis agency of Great Falls the contract on all state-owned passenger autos, trucks and other motorized equipment. The agency bid \$10,999 for furnishing public liability and property damage coverage on the mobile equipment. The same agency bid successfully \$3,798 for fire and theft insurance on the same vehicles.

### Idaho Agents' Meeting

The annual convention of the Idaho Association of Insurance Agents will be a one-day affair. The convention will be held at the Owyhee Hotel, Boise, Aug. 24, starting at 9 a.m. The only speakers outside of members will be Joel Jenifer, director of insurance of Idaho, and R. C. Stevenson, manager of the Idaho Surveying & Rating Bureau. O.

### Dog—The Friend of Man



### THE POMERANIAN

This small chap makes up in intelligence and pep and courage whatever he may lack in size. Seldom weighing more than eight pounds, he often delights the patrons of dog shows by barking ferociously in his high pitched voice at any Great Danes or St. Bernards who may venture near his cage.

His coat consists of a deep soft fluffy underfur with a plentiful overfur of long straight glossy hair. He has been described as a deep-furred, kitten-footed, round-headed, pointed-nosed, prick-eared mincing little dog.

From his general appearance, the Pomeranian is deemed to have been descended long ago from the Samoyed dog of the north and is also related to the Spitz.

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W. Nelson of Coeur d'Alene is president.

#### NEWS BRIEFS

R. T. McDonald, well-known Seattle agent, has just announced his candidacy for reelection to the Washington state senate. A veteran legislator, Senator McDonald has been instrumental in promoting sound insurance legislation for many years. He was chairman of the senate insurance committee at the last session.

The Oregon rating bureau has reduced the basic rate for Seaside, Ore., from 50 to 45 cents.

"Tags," the monthly bulletin of the Montana Association of Insurance Agents, in charge of Arnold Huppert of Livingston, secretary of the association, as editor, discontinues with the July edition.

B. L. Rayer has sold his agency at Cheyenne, Wyo., to Mark A. Chapman. The Coker Agency, Lamar, Colo., has been taken over by the Guaranty Abstract Company.

## EASTERN STATES ACTIVITIES

### Study Changes in N. J. Fire Policy

Commissioner Agger of New Jersey has asked the fire insurance committee of the New Jersey Bar Association's insurance law section to act as a clearing house in what he hopes will be a statewide study of the state's standard fire policy. The instrument is 50 years old, and there has been agitation for a thorough review of the form with the objective of bringing it up to date. Samuel J. Fossaner, Newark, chairman of the insurance section, is serving as ex-officio member of the fire insurance committee, which is headed by Edward Gaulkin, Newark. The New Jersey Association of Insurance Agents has appointed a committee on the subject, made up of Charles E. Meek, Jr., Frank Heller and Harvey Nelson, Sr.

Commissioner Agger is writing President Paul Sommers of American of Newark and President John Cooney of Firemen's of Newark, asking that the companies participate in the study. Other individuals and groups are asked to formulate their views and suggestions.

Mr. Gaulkin's committee has been asked to examine the present policy and its history in the legislature and courts of the state; compare the policy with the recently enacted New York standard policy, with those of other states, and with the new policy suggested by the National Association of Insurance Commissioners; determine the powers of the insurance department over riders and forms to be attached to the fire contract; arrange with the commissioner for occasional meetings with other interested groups to consider their proposals and suggestions; participate with others in possible hearings before interested committees of the legislature, and contribute to the popular discussion of the final proposals so that there will be a wide public understanding of any changes put forward for legislative approval.

### Gasoline Hoarding Cause of Bad Loss in Baltimore

BALTIMORE — The type of loss which insurance men have been fearing since the advent of gasoline rationing apparently occurred here last week, when grand jury proceedings were brought against Royal Gill alleging illegal storage of gasoline in his residence. A small fire at a residence in the northern suburbs suddenly mushroomed into an explosion, injuring 15 firemen, one critically.

Gill has denied keeping gasoline in drums containing 150 gallons, claiming they contained paint. The evidence was largely destroyed, but the remains of the cans were sent to a chemist for examination and the grand jury action brought on his report, which has not been made public. If an indictment should be returned, it is assumed that Gill will also face civil suits by the firemen, as well as denial of liability by the fire insurance company.

#### Name Mass. Convention Committee

BOSTON — Convention committees which will be in charge of the annual

meeting of the Massachusetts Association of Insurance Agents at the Hotel Bancroft, Worcester, Oct. 20-21, have been named by President Paul J. Woodcome of Fitchburg. They are: Program, Harold D. Barnes, Pittsfield; local committee, F. R. A. McGlynn, Worcester; credentials, Harold E. Crippen, North Adams; nominating, Carroll K. Steele, Gloucester; resolutions, Leo R. Mongeau, Lowell; reception, Warren S. Shaw, Brockton.

#### N. J. Fraud Convictions Upheld

TRENTON — The New Jersey supreme court has sustained the conviction of the Bentley Bootery of Newark, which was fined \$1,000; Moe F. Tenzer, secretary of the corporation and manager of the store; Nathan Strauss, representative of a Newark insurance brokerage firm, which sold the Bentley Bootery its water damage policy, each fined \$1,000 and given four months in prison, and Edwin J. Swanson, salvage company representative, fined \$100 and sentenced to four months in jail. They were convicted on charges of attempting to defraud the Pennsylvania Fire on a fake claim.

The court held that "ample evidence had been produced at the trial in the lower court to support the jury's findings of guilt." Tenzer contended that a heavy rain flooded the store's basement, damaging the shoes.

#### Concord Coverage Increased

Fire coverage upon the public schools of Concord, N. H., is being increased 70 percent, the business being handled by Morrill & Everett for eight participating local agencies.

#### NEWS BRIEFS

William P. Berry, president of Berry Bros., Newark agency, is a candidate for the Republican nomination for Congress. He is a former president of the Underwriters Protective Association and was at one time head of the Casualty Underwriters Association of New Jersey.

W. Ray Thomas of Pittsburgh, president of the Pennsylvania Association of Insurance Agents and a member of the National association executive committee, will represent the latter body at the annual meeting of the West Virginia association at White Sulphur Springs, Aug. 17-18.

## CANADIAN

#### Toronto Directory Issued

The 1942 issue of the Toronto Insurance Directory has been released by the Toronto Insurance Conference. It is published by the Toronto Insurance Directory Publishing Co. One section lists all companies engaged in fire and casualty insurance, the second lists all Toronto agents, both general and excepted, while the third section gives Canadian head offices and chief officials of all groups and individual companies and classes of insurance sold by each company.

## MARINE

### Marine Surcharges Eliminated as Aid to OPA

The application of the new marine insurance surcharges, recently announced by the marine underwriters to offset the elimination of navigation aids because of the war, are being suspended indefinitely on U. S. domestic shipments, imports to the United States, and exports from the United States to territories and possessions of the U. S. The reason for this suspension is that the surcharges would increase prices and upset the Office of Price Administration's ceiling price structure.

This means that marine underwriters are absorbing the additional risk on such shipments as a method of cooperating with the government in its anti-inflation drive. It also means that the surcharges will be applied, in effect, only to exports to foreign countries.

#### O. K. Missing Vessels Pact

The American Institute of Marine Underwriters has adopted in principle the missing vessels agreement between the marine underwriters and the War Shipping Administration, and has notified the WSA of that action. Under this proposed agreement, where the government agency insures the hull for war risk insurance and the private marine market has the regular marine coverage where the cause of the loss of a vessel cannot be immediately ascertained, each interest will pay half the loss and make adjustment later as the facts are developed.

#### Salvage Awards Committee

A committee to deal with the question of salvage awards under war time conditions has been organized by the War Shipping Administration. It consists of representatives of the navy department, marine underwriters, average adjusters and WSA. The representatives of the marine underwriters are W. B. Harwood for hull and Henry Klahre for cargo.

### Automobile Rates Are Considered

(CONTINUED FROM PAGE 14)

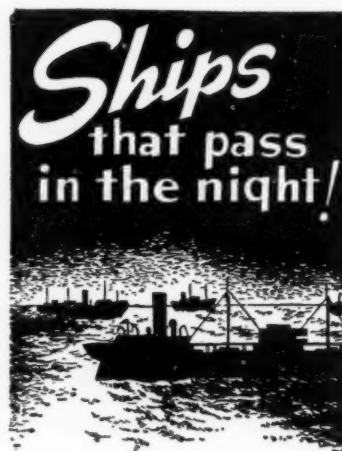
of A cards are entitled to consideration."

The knotty problem of automobile rate adjustment in view of the gasoline rationing development has been given much attention by automobile rate makers and underwriters. Rates hitherto have been based on actual experience and the companies wish to proceed slowly before they step off into an unknown field. Although there are fewer cars on the road which travel at a lower average speed, the problems mentioned by Superintendent Pink and the problem of increased costs in parts and labor, coupled with the enormous difficulties a rate reduction would entail, have all indicated that the problems are many and must be considered from all angles. If rate reductions were made, it would mean that present insured would be entitled to receive a return premium because discrimination could not be shown. It is pointed out that the difficulties of making a return premium to thousands of insured would hrow a tremendous

burden on company staffs and agents, who have been obligated to operate with a considerable reduction in skilled personnel.

At the National Bureau of Casualty & Surety Underwriters, it was said that a reduction in automobile rates for A card holders in ration states had been the subject of a conference with Superintendent Pink, and it was expected announcement thereon would be made within 30 days.

Automobile people generally feel that sufficient time has not yet elapsed to determine the loss experience under existing conditions. The doubling-up plan must be considered.



We are all in accord that this will be a long, hard war....The bottleneck of war production has definitely been broken and weapons are beginning to pile up. Since we are now over the hump, another grave problem has developed...that of getting these weapons where they are needed most...on the firing line. Simply, this means more and faster ships....Losses of "Ships That Pass in the Night" are mounting daily. Let's give 'em more ships so they can give the Axis more Hell in the good old American way. Let's buy more Bonds and Stamps.... Let's start more 10% Clubs.... Let's go all out for the Knockout.



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1861 Civil War	1845—New York City	1837
1898 Spanish-American War	1851—San Francisco	1843
1917 World War I	1866—Portland, Me.	1857
1941 World War 2	1871—Chicago	1873
	1872—Boston	1893
	1877—St. John, N.B.	1907
	1889—Seattle, Spokane	1921
	1901—Jacksonville, Fla.	1929
	1904—Baltimore	
	1906—San Francisco	
	1908—Chelsea	
	1914—Salem	
	1941—Fall River	



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